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CREDIT

AND FINANCIAL MANAGEMENT

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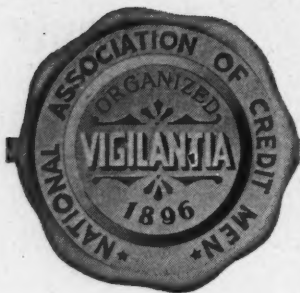
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Fifty Years of Credit Progress

Next month we celebrate together the postponed Golden Jubilee of the founding of the National Association of Credit Men. A Fiftieth Anniversary is an important occasion and it is worth while at such a time to pause a moment to look both backward and forward.

Our Association arose from a period of history when economic problems were increasingly perplexing; when the chaos left from a severe depression could be felt on all sides; and when trust and understanding between business men were sorely needed. Against this background came the gathering of credit men in Toledo in 1896 which stands now as both a familiar and a vitally important event to all credit men. Out of that initial meeting grew a tremendous organization of men and women bound together by common interests and goals. But more important than mere size of the organization is the fact that its members have set goals and standards in credits for all business; they have made important advances in methods of business and in the body of business law; they have developed the kind of intelligent understanding of mutual business problems that is sound both economically and socially.

As we stand at the half-century mark we again find a world full of perplexing economic problems and we find chaos left by war. We still have need for the trust and understanding in business that was found wanting in 1896 but in this respect we are far richer than our predecessors of the last century. We can face the many business problems and strive to bring order out of chaos because we have learned to work together in attacking our problems and we have learned that, for the most part, all our problems are mutual ones.

Henry H. Heimann
HENRY H. HEIMANN,
EXECUTIVE MANAGER

1853

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STATEMENT OF CONDITION

December 31, 1946

ADMITTED ASSETS

Cash in Office, Banks and Trust Companies	\$ 31,742,083.29
United States Government Bonds	43,379,480.50
All Other Bonds and Stocks	84,651,631.82
First Mortgage Loans	176,651.51
Real Estate	3,497,218.16
Agents' Balances Less than 90 days due	10,291,747.65
Reinsurance Recoverable on Paid Losses	1,856,152.43
Other Admitted Assets	1,819,592.74
Total Admitted Assets	\$177,414,558.10

LIABILITIES

Reserve for Unearned Premiums	\$ 78,273,559.00
Reserve for Losses	21,691,968.40
Reserve for Taxes	3,944,218.20
Liabilities under Contracts with War Shipping Administration	3,696,078.76
Reserve for Miscellaneous Accounts	948,521.81
Total Liabilities Except Capital	\$108,554,346.17
Capital	\$15,000,000.00
Surplus	53,860,211.93
Surplus as Regards Policyholders	\$68,860,211.93
Total	\$177,414,558.10

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FIRE AUTOMOBILE MARINE

WHAT MUST MANAGEMENT, SALES AND CREDIT DO TO HELP EACH OTHER?

Here Is What Each Expects Of The Other

Management's Viewpoint

by WHIPPLE JACOBS

President, Belden Manufacturing Co., Chicago

IN many companies neither the credit nor sales departments have been serious management problems for the last five years. Procurement, production and finance have been getting the lion's share of attention. With buyers begging to have their orders accepted, selling has become a matter of allocation and selectivity. The need for goods has made strict adherence to terms a talking point for the buyer and given the credit manager a strong lever.

This condition, especially because of the long period it has lasted, inevitably acts as a powerful sedative. We would be less than human if we didn't begin to think such a condition was normal—or to assume we individually were responsible for the wonderful records we have made.

Free Enterprise Breeds Competition

I warn you, it is dangerous thinking. A free enterprise economy is a competitive economy. Selling or merchandising competes for the consumer dollar and often goes far beyond one's own direct competitors. Risks are an integral part of our competitive system and credit losses are bound to occur.

In my opinion, we are rapidly nearing a return to real and severe competitive conditions. We will be well advised to gear our thinking to the time when sales will be hard to make and commercial failures may become a serious problem.

I have always viewed the credit department as a vital part of any business operation. In my opinion, it has two very important functions. The first one, of course, is obvious and that is to protect the company against credit losses. There can be two approaches to this responsibility. One is to approve credit only for companies of unquestioned financial responsibility, but that is a very narrow viewpoint. I do not expect our legal counsel to take the position that if we do nothing we cannot get into trouble. His job is to tell us what we can do and how to do it in accordance with the many laws now on the statute books. By the same token, I expect our credit manager to tell us how we can sell as broad a field as possible with a minimum of credit loss. This can only be done by a careful study of all

of the available figures, the use of all the available services, and most important of all—by knowing personally those companies with whom we do business.

Monthly Credit Meetings

It is a responsibility of our credit manager to arrange for a credit meeting—approximately the middle of each month—with management and sales. All of the accounts are carefully reviewed and decisions made with reference to further extensions of credit in accordance with the facts developed. Following that meeting the credit manager and the sales manager work out a certain number of customer calls to be made by the credit manager, particularly on those companies to which we are extending better than our usual terms. We try to divide these calls among our various territories so that in the course of a year our credit manager—in conjunction with the district salesmen—will get to know an increasing number of our customers.

This brings up the second function of the credit department, as I see it. I am sure it can be a strong adjunct of our sales department. Fair, but firm, and courteous treatment of our customers can and does build good will and in so doing is a valuable aid in selling. In my own experience as a sales manager I had many obstacles to overcome with customers in various parts of the country, that at one time or another had been antagonized by an overzealous credit department acting in true bureaucratic style. "This is the rule and that is the way it must be" has certain advantages, but such a policy can be tempered with a human attitude. Unusual situations must be recognized and dealt with in a human manner.

It is a difficult task, because, if the credit department gets too sales-minded, they lose their value as a "watch-dog," but by steering a careful course the accounts receivable can be protected and much good will generated.

Cooperation Between Departments

The situation as regards the sales department and their relation to credits is also one of cooperation. Naturally, the salesman wants to sell all he can and sometimes he will push for extension of credit that is unwise. By carefully educating him to the fact that orders are only completed when shipment is made and payment is effected, any overzealousness can be, at least,

partially, stifled. We expect our salesmen to act as additional "eyes and ears" for the credit department. A change in management may affect the credit risk. A change in product also has a bearing. These matters, when brought to the attention of the credit manager, can be very helpful to him in evaluating his attitude toward the customer. The salesman who is thoroughly familiar with his accounts usually has a good idea as to whether a customer is becoming overexpanded, as to whether the inventory is either too large or out of balance, and in many other ways can act as an adjunct of the credit department.

It all resolves itself into a matter of good human relations and close cooperation. In my annual report to shareholders issued recently I said—

"The fundamental of effective operation is the group spirit so well demonstrated by really great athletic teams. The solo performers, regardless of their individual abilities, cannot equal the plus values inherent in a truly balanced organization."

This statement is true of our entire organization, and credit and sales contribute their share to this team spirit in protecting the interests of the company.

The Needs of the Credit Executive

by W. A. LINFIELD

Credit Manager, Pepsodent Division, Lever Bros. Co., Chicago

CA man went into one of the blood donor stations during the war to give a pint of his blood. He was interested in the proceedings and noticed that several men ahead of him had their blood placed in a very fancy cut-glass container while his was placed in an ordinary glass jar. He asked the attendant why he could not have a fancy container and why the men ahead of him should receive such distinction. The attendant told him that the men ahead of him were CREDIT MEN and their blood was specially handled to be used in the tropics to cool off the blood of the needy soldier or sailor!

Now of course, we all know that credit men are not as cold-blooded as that!

"What Does Credit Management Expect from Top Management and Sales Management?" There is one thing about this subject that I should like to change, and that is the word, "expect."

The first definition that Webster gives to the word "expect" is, "to wait"; yet, credit management should not wait for top management or sales management to deliver the things they think they should have on a silver platter. Credit management today is aggressively seeking to sell top management and sales management on the benefits that can accrue to any business through proper credit management and complete understanding of it.

Credit Man's Function

Credit management is a skilled profession whose responsibility to business is to protect the company's investment in accounts receivable. Of course, accounts receivable is one of the most important and certainly one of the most liquid assets in any company, so that this

These are three addresses delivered at a forum on the subject held recently by the Chicago Association of Credit Men.

responsibility is, indeed, an important one. Both top management and sales management agree on this point so that in discussing what credit management desires from top management or sales management, we start on the assumption that they already consider credit management as a very important function.

First, what does credit management want of top management? I think that our requirements in general may be classified into four sections: Policy; Responsibility; Authority; Cooperation and Understanding.

Policy

Credit management wants top management to indicate clearly what the company policy is to be so that credit functions may be carried out in harmony with that policy. The entire operation of the credit department depends upon company policy. Our collection program, our checking orders, our correspondence with our customers all tie in directly with company policy.

One concern may have a liberal credit-granting policy with a strict collection program; another may have a strict credit granting policy.

In any of these cases, company policy based upon production, margin of profit, distribution, advertising, competition and so forth, play a very important part in the manner in which credit work is carried out.

It is only right, therefore, that credit management should work closely with top management on this matter of policy. Top management is more and more, today, bringing in the credit manager to discussions involving company policy in any of its phases. Any special activity, any increase in sales volume, any particular sales plans or expansion of business in any direction involves matters of policy and the credit manager in many instances can be very helpful in assisting to formulate that policy.

The credit manager is exceedingly interested in the company policy as credit policy, is, of course, a part of it. In some concerns, top management indicates to the credit manager just what his credit policy shall be. In other concerns, the credit manager recommends policies he wishes to pursue and these policies are approved or amended by top management. In either case, the result is the same—the big point being that credit management and top management should work closely on the matter of policy and top management should realize that this subject is of vital importance to the credit manager in the performance of his duties.

It is vital, too, that policy be kept up-to-date.

Responsibility

Secondly, credit management looks to top management for a clear definition of RESPONSIBILITY.

Who is to do certain types of work? Where do the credit department's functions begin or end?

Credit work varies in its scope as widely as the number of different companies.

In some concerns, credit department responsibility is

confined to the approval of orders and the carrying on of the collection program. In others, it embraces not only approval of orders and carrying on of the collection program, but the actual maintenance of accounts receivable, analysis of the accounts, adjustments of all kinds, correspondence with customers on matters not necessarily of a strictly credit nature, and on into legal phases; surveys of general and local business conditions and many other related activities.

Each business is organized in the way that will best suit the needs of that business, but for credit management to do its part, responsibility should be definitely defined and credit management looks to top management for such a definition.

Responsibility works two ways; if top management delegates responsibility to the credit management, credit management must assume such responsibilities and prepare and educate itself in order that such responsibilities may be carried out to the best interests of the company.

Number Three Is Authority

In order for the credit manager to carry out the policy of the company and for him to accept the responsibilities assigned by top management, he looks to top management for authority. This embraces authority over members of his own department and also includes his relative standing in the company as compared to managers of other departments. It is obviously impossible for the credit manager to carry on his duties without being vested by top management with adequate authority.

Of course, in some concerns where the credit department is very small, such authority need not be great but the credit manager does look to top management for adequate authority to carry on completely all credit functions which have been delegated as the responsibility of the credit department.

Cooperation and Understanding

Cooperation is a big word, but in this sense credit management desires top management to help credit management to do the very best job possible and to cooperate in the matters of policy, responsibility, authority and understanding.

Top management must understand the various problems that credit management faces, how the credit manager is solving these problems, how he gets information about his customers, how he conducts the organization of his department, how credit work is helping the sales department and, at the same time, insuring the soundness of the companies accounts receivable.

It is not necessary for top management to check on every detail of the operation of the credit department, but credit management does want top management to understand fully and clearly why it is doing the things that it is and what the results are. Top management, in most cases, is entirely familiar with the regular functions of its various departments. They understand these thoroughly.

Credit management wants them also to understand the additional values—how they are building up customers' good will, why credit management seeks to become acquainted with credit men in the same field and

to build up outside contacts, why the credit manager is a member of the association of credit men and what advantages accrue to the company through such membership.

Credit management then looks to top management for these four things: Policy, responsibility, authority, cooperation and understanding.

Top management today recognizes the importance of credit more than ever before, especially right at this minute when conditions are changing rapidly and we are swinging over from war-time economy and attempting to arrive at a peacetime standard of living higher than has ever been known to man.

Credit management wants top management to realize that its efforts are not confined solely to the problems within the business but also embraces in a larger sense, the company's responsibility to the economy of the nation where credit, whether it be judiciously administered or otherwise, plays such an important factor.

Sales Management

What does credit management want of sales management? Cooperation, coordination, realization of the part credit plays in sales.

Cooperation and coordination largely speak for themselves so let us enumerate some of the things we wish sales management to consider so that it may more fully grasp the overall aspects of what credit management is doing.

Of course, it has been said many times that the sales manager should understand that the credit manager of his organization is not merely a grumpy old geezer with a long, black beard who delights in refusing to ship orders which the sales department has solicited and has worked hard to get. I am sure that sales management today has lost this viewpoint and that they realize that in addition to being the watch-dog of the business, credit management is striving to work with sales management to increase sales volume.

The credit department is in a unique position to build good will by handling collections or adjustments with customers in such a way as to win their confidence.

Correspondence methods are one of the points stressed by credit management; also, credit managers frequently get out into the field.

Personal Contact Brings Rewards

The returns to any business in a personal contact between the customer and the credit manager cannot be measured in dollars. Many, many times, a customer may be in temporary difficulties, but when he can sit down and discuss his problems with the credit manager who will offer all of the help and assistance that he can, there is created a mutual understanding between the customer and the credit manager and the problems most always can be worked out so that the customer will from then on, give far more attention to that particular business than he ever did before. The credit manager usually talks to the treasurer or the head of the business and not necessarily to the buyer, thereby establishing an additional contact.

It is a peculiar thing, but calling on a customer who owes a past-due balance or whose standing requires in-

investigation, always builds good will rather than the reverse, provided, of course, that the matter is handled intelligently.

Credit management, wants sales management to *realize* that they are not shutting themselves away in a small corner, blind to the customers' problems or to sales problems, but that they do make it a point to get into the field and that they understand customer's and sales problems first hand—not only understand, but do everything they can to help solve these problems.

Many credit managers sit down with sales management and go over business conditions in various localities or throughout the country as a whole so that sales activities may be so guided as to take advantage of favorable conditions.

Inter-Departmental Conferences

Credit management also wants sales management to consider credit management's outlook when planning special sales deals, promotions and so forth. Very often, the credit management can, through its knowledge of customers' local conditions, give valuable counsel to the sales department on timeliness or localization of such promotions. Of course, credit management wants sales management to realize too, that a sale made to an undesirable account is wasted effort, and in many businesses a sale is not considered a sale until the money is collected.

Sales management decides upon terms of sale that are to be allowed which, of course, are based upon many factors, but credit management enforces such terms and can furnish valuable information through its contacts with other credit men so that the terms of sale in any line of business will not only be suitable because of the business organization itself but also will harmonize with the terms of sale being given in the industry by other concerns. At the moment, the subject of discounts is being discussed throughout the country.

Here is an opportunity for credit management to study discount in its relation to their own business and from the standpoint of customer reaction, and present the results of its findings to sales management.

Cooperation and coordination between the sales and credit departments has been stressed and talked about for years and years, and in most businesses today, that has been accomplished. It should not be necessary, for instance, for a credit manager to have to go to top management when he is endeavoring to work out something with sales management, sell top management on the idea and then have top management order sales management to carry out the plan.

Provision should be made for sales management and credit management to discuss their mutual problems without involving top management, except in rare instances where agreement cannot be reached. In some companies, this can be done freely at all hours of the day, but in larger companies where such discussions cannot be carried on, on the spur of the moment, it is frequently found possible to have weekly conferences between sales and credit management to discuss such problems as may have arisen.

Credit management, therefore, desires from sales management, COOPERATION, COORDINATION OF THE ACTIVITIES BETWEEN THE DE-



The Washington arch at the entrance to Washington Square is one of the landmarks of New York. This is one of the sights you should make a point of seeing when you come for the Golden Jubilee Credit Congress.

PARTMENTS, A FULL REALIZATION OF THE PART THAT CREDIT PLAYS IN THE SALES, PLUS THE KNOWLEDGE THAT CREDIT DEPARTMENT IS AS INTERESTED IN SALES AS THE SALES DEPARTMENT and in the last analysis, their function is to guide sales into proper channels to help build sales volume and to counsel with the sales department so that their activities may be as fruitful as possible.

Again, no credit manager can expect from his sales manager more than he is ready to give in return; so in order for the credit management to obtain from sales management the things that they feel should be granted, it is necessary for credit management to re-double their efforts to give sales management what they expect from credit.

One of our sales executives took a look at these articles and said to me that in his estimation, the most important thing he could think of in discussing such a subject would be for all three to stress the human element. In other words, top management and sales management should realize that the credit manager is human, too, and that he looks upon customers as human beings deserving of every consideration and not as merely names or figures on the books.

Credit management must do their part to deserve all these things that they desire from top management and sales management. Credit management today is making long strides in this direction, not only as individuals but also as a profession.

Top management has its very important part in any business and so does sales management and so does credit management. If top management will follow through by clearly defining company policy, by assigning responsibilities so that the functions of each de-

partment is clear cut, by granting sufficient authority and by understanding the problems, then credit management can, in turn, do its best for the business.

In like manner, a feeling of mutual confidence, trust, cooperation and understanding between the credit manager and sales manager will promote the greatest returns from the efforts of both departments.

A business where all three, plus the other departments not mentioned, work together harmoniously, not only operates efficiently but also creates in the minds of its customers a feeling that all is in harmony within the business and that that business can be relied upon to consider the customer's interests and is not merely an automatic machine.

There are a great many more things that credit management might want—some of them selfish and some of them not, but credit management today is not merely waiting to obtain these things. It is aggressively working individually and collectively to sell itself so that top management and sales management will become increasingly aware of the true place their credit department has in the business.

The Sales Manager's Demands

by O. O. LEWIS

Assistant General Sales Manager, Fairbanks, Morse & Co., Chicago

EN What is management? Management is policy and finance controlled by Executives through a Board of Directors. Selling is making your company known and creating a desire for your products.

With this preface I will attempt to outline briefly what is expected of Top Management by Sales Management. For the most profitable and efficient operation of a business there is one best combination of working capital, production capacity, distribution area, advertising and sales promotion activity, which responsibility must be that of Top Management.

Let us agree that the right combination has been found, and all elements are kept in balance, that maximum profits may be realized. Profits are not a luxury, nor do they benefit only the stockholders, for without profit Top Management could not give Sales Management the thing they must have to perpetuate the business.

The Salesman's Six Needs

Sales Management expects:

1. A competitive product.

This calls for an adequate engineering staff, as engineering must predominate. If it is not an engineered product, it must have sufficient qualities in its construction and application with eye appeal to merit just attention of the purchasing public.

2. Production.

This means management must have the proper facilities, buildings, machinery, tools and labor for the production of their products in order to place sales management in a competitive position in the distribution of the company's goods. Buildings can be erected, ma-

chinery can be purchased, but manufacturing personnel is somewhat different. In the last 20 years, investment in industry per worker has increased from \$500 to \$6000.

3. Continuous Performance.

With management steadily increasing its investment per worker, what has been accomplished towards continuous production? It is certainly expected that management adopt certain principles to correlate management and manufacturing. This is vital to a continued performance. Without production, jobs, sales and profits are restricted.

Continuous Productivity Essential

Management in many instances, it seems to me, has sacrificed sales and profits due to lack of the proper remedy towards increased and continuous productivity per man hour. It is generally admitted that the production of goods is the basis of our standard of living. Increased output per worker is not automatic, nor can it be accomplished solely by additional investment in capital equipment. This problem can and should be solved by management, not only for the stockholders, but by so doing, the investor, the worker, sales management and the consuming public all benefit therefrom.

Sales management expects from management the adoption of remedies to absenteeism, uninterrupted production, increased output per man hour, and the stabilization of wages. This could be brought about by the proper education of employees, by or through an employee research department; discussion of prices, profits, economics, as well as wages, with factory personnel in order that they might understand management's problems, thus giving them a better understanding of the importance of continuous productivity and the benefits accruing to them. We must think in terms of the consumer as he is the only dictator which this country will stand for.

Constant Improvement Needed Also

4. Improved Product—Research.

Management through research and engineering should strive to continually improve their products, enabling Sales Management to keep abreast of competition, in fact, in advance of the demands of the consuming public.

5. Advertising and Sales Promotion.

Management must appropriate sufficient funds for the establishment of a capable advertising and sales promotion division to augment sales. The sales division should have enough control to make recommendations with respect to expenditures, for the reason that they should be more accurately informed of the thinking and demands of the public.

While it is admitted management should have certain definite policies, yet they must be flexible to coincide with market conditions. All of us have heard of cycles, good times and bad—in and out. These conditions are not subject to repeal, so policies must be subject to amendment. However, such changes in policy are expected to be well thought out so as not to demoralize the sales organization.

(Continued on page 22)

THE CURRENT BUSINESS OUTLOOK

by WILLIAM H. STEAD

Vice-President, Federal Reserve Bank of St. Louis

CFM It was suggested at the beginning of the New Year that it would be of interest to credit men to consider some of the aspects of the current business outlook; and that in discussing this topic I might draw on my recent experiences as a member of the staff of the Council of Economic Advisers to the President which aided in drafting the Economic Report submitted to the Congress just recently. The assignment of working with the Council's staff has proved to be a most interesting one and has offered an opportunity to review the thinking of many individuals and groups as it effects our present economic situation. The observations which I may make on this topic, therefore, represent not so much a personal opinion as a digest of materials and opinions which have recently been reviewed by the Council.

By way of introduction, let us remind ourselves that in many respects we are in an extremely favorable economic situation. Two of the most important indicators of economic health, namely, employment and volume of production, are at their highest peacetime levels. We have over 58 million people at work, more than ever before in non-military pursuits. Moreover, there are only 2 million persons unemployed, an irreducible minimum in a flexible free enterprise economy.

Production Vastly Expanded

So far as production is concerned, despite our failure to get all the goods we would like in 1946, there was a tremendously successful expansion in production. Total production was up 13 per cent during the year and up over 30 per cent in durable goods. In terms of the 1935-39 average the index of durable goods production is 207 and of nondurables at 161, with the figure for total production at about 190.

The problem is where do we go from this high level of peacetime achievement? Can we anticipate a continued expansion at the 1946 rate? Will employment and production level off, or must we anticipate a setback more or less severe in character?

Surprisingly enough there is a rather general agreement among experienced observers that 1947 will necessarily see a levelling off process. There are reasons to believe that we cannot continue the rate of expansion which characterized 1946; on the other hand, there is no reason for anticipating a severe setback. In order to understand the reasons for this levelling off or readjustment period ahead, it may be helpful to analyze

four or five aspects of our economic arrangements that are somewhat out of adjustment. These include (1) the outlook for saving and business investment; (2) the nature of consumer demand; (3) the relationships between prices, wages and profits; (4) labor relations, and (5) Government finances.

An expanding economy is built on two component elements, first, the proportion of the national income which is saved and invested in capital goods, plant and equipment, and, second, the proportion of the national income which is expressed in the form of consumer demand for goods. To have an expansion in production and employment there must be an expansion in both of these factors.

Savings and Investment

Let us look first at the savings and investment sector. What is happening so far as savings are concerned? At the peak of the war period approximately 30 per cent of current income was saved, a ratio much larger than normal. Of course, the large ratio of saving during the war was due to a combination of patriotic motives for savings plus the shortages of consumer goods. At the present time the ratio of savings to current income is down to less than 10 per cent, a figure below the peacetime normal. It suggests that we are spending a larger proportion of our current incomes and, therefore, a smaller proportion is being made available in the form of savings which could be used for investment purposes.

Not only has the ratio of savings decreased, but recent surveys have shown there has been no increase in the liquid asset holdings of either individuals or businesses during the past year. During the war years the large ratio of savings built up gave a tremendous backlog of liquid assets in the hands of the public. That backlog of savings in the form of liquid assets has not increased during the past year. Indeed, there are signs that in recent months individuals are cutting into this reserve.

A third factor to note in this connection is the rapid increase in the use of consumer credit. This is reflected in the expansion of real estate loans, of personal bank loans, and installment purchases, and a somewhat slower rate of payment on open accounts.

Expenditures Exceeding Income

The net result of these developments is that we now have a picture of consumer expenditures increasing more rapidly than consumer incomes and the flow of savings

out of which investments must be made is decreasing.

On the investment side, the year 1946 saw a very rapid rate of capital formation. A large proportion of business profits, some of the accumulated liquid assets and even some bank credits was used in this capital formation process. The largest proportion of business investment was in the form of new plant and equipment to place our productive machinery in shape to handle peacetime business. It is estimated that total investments in industrial plant and equipment in 1946 approximated \$15 billion, the highest annual figure in our history. However, we are told by those familiar with developments in this field that the peak of such industrial plant and equipment investment has been reached and by the middle of 1947 we must anticipate a reduction in the rate of such investments. In other words, the big postwar physical reconversion job is done and while there will be continuing investment opportunities, we cannot anticipate a continuation of this rate of expansion.

Commercial construction was restricted during the past year to a greater extent than was true of industrial plant. We may, therefore, anticipate an expansion in commercial construction in 1947, perhaps even a doubling of this volume. However, commercial construction totaled only about \$1 billion in 1946. Residential construction which failed to realize the hoped-for objectives in 1946 will undoubtedly show expansion in 1947. However, the high price of most new construction in relation to the income of those needing housing is such as to restrict the total volume that can be effectively carried out. There is reason to believe that the projected goal of \$6 billion in residential construction in 1947 is too high and will be difficult, if not impossible, of attainment.

Inventories May Level Off

A further field of business investment, namely, in inventory stocks, has likewise seen a great expansion in 1946. Such inventories in the hands of manufacturers, distributors and retailers increased 30 per cent during 1946 and reached a figure of over \$34 billion. Even this large figure is not out of line with the volume of sales, but with the elimination of shortages and bottlenecks and the more cautious inventory policy on the part of both manufacturers and distributors there is no reason to anticipate any important increase in inventory volumes.

A review of these investment possibilities leads one to the conclusion that during 1947 we can anticipate no real expansion in business investment or capital formation and, indeed, there is reason to believe that some small decline will take place. The expansion in commercial construction and in residential construction does not seem likely to be in sufficient volume to replace the anticipated reduction in industrial plant and equipment.

Demand Hurt by High Prices

Turning to the problem of consumer demand, there are some favorable factors and some unfavorable considerations which need to be borne in mind. On the favorable side there remain large pent-up needs and desires for goods together with very large reserves of purchasing power which were accumulated in the form of liquid assets during the war. There is also the pros-

pect of a continuing high level of general income and we may anticipate an expansion of consumer credit. All of these add up to a strong consumer demand.

Unfortunately the recent price rises, particularly during the latter half of 1946, have resulted in the loss of real income to most consumers. The Council of Economic Advisers estimated that at present and prospective price levels consumer demand would be inadequate to absorb the anticipated increase of about 5 per cent in over-all production in 1947. There would need to be either a general price reduction of 7 to 8 per cent or an increase in consumer expendable incomes of about \$10 billion to provide sufficient consumer demand to absorb the production. The demand situation, therefore, seems to be this: the needs and desires for goods are there but the high prices are cutting into purchasing power to the point where actual market demand on the part of the consumers will not be sufficient to absorb expected production.

This brings us to the problem of maladjustments in prices, wages and profits. The most serious difficulty is the recent rapid increase in prices. Looking ahead it is anticipated that there will be some reduction in over-all prices in the latter half of 1947 and a levelling off during the first six months. Food and farm prices have already reached a peak and are declining slowly. It is anticipated they will continue to decline to Government support price levels on many products. Other nondurable prices may continue to go up very slowly for another two or three months then level off and show a slight decline the latter part of the year. Most durable goods prices show signs of moving gradually up throughout most of the year. A continuation of shortages of these goods, increased freight rates and higher wages combine to make the prospect of lower prices remote.

Wages Should Increase

So far as wages are concerned, the important gains in real wages which were registered during the war have been partially offset by losses in real wages due to price increases in the last half of 1946. Industry, therefore, faces a round of demands for wage increases, some portion of which will undoubtedly be met. Present indications are that wage increases, even in the highly organized industries, will not be as large as in the early part of 1946. Nevertheless some wage increases are being negotiated and will be paid.

One of the difficulties centers in the fact that the largest increases in wages during the past year have gone to the better organized workers in the mass production durable goods industries and it seems likely that that pattern will be repeated. There will, thus, be some further disparities created between the wage rates in these well organized industries and wage rates received in nonmanufacturing and other non-unionized activities.

The profit position of industry at the end of 1946 was generally good. After a relatively weak period early in the year, profits have moved up substantially for non-durable industries, and for durable goods profits have reached the 1944-45 levels in many instances.

The outlook in labor-management relationships is more favorable than in 1946. Despite great concern over the difficulties involved in these relationships, there is

(Continued on page 13)

INSURANCE AS A CREDIT FACTOR

Extent of Coverage Denotes Soundness of Risk

by R. S. WHITMORE

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No one expects the credit executive to be an insurance expert, and he no doubt will heartily agree with that statement. To the average person insurance seems complicated and highly technical, and it is not surprising, therefore, that there is a reluctance on the part of those not directly engaged in insurance to involve themselves in insurance problems.

A poor credit risk is a questionable insurance risk, but conversely stated, a poor insurance risk is very definitely a poor credit risk. The study of credit is a highly specialized profession, and while it may not be said that credit research has become an exact science, it is, nevertheless, an important factor in the stabilizing of business relationships. Insurance is also a most highly stabilizing influence. Thus, there is a strong commonality of interest as between credit granting and insurance. Each involves an element of risk. The most that the credit manager or the insurance underwriter can hope to accomplish is to keep that risk at a minimum by having a thorough knowledge of the factors which enter into successful credit management and sound underwriting.

Circumstances Debtor Can't Control

The trained credit manager will give full consideration to certain important factors in analyzing the credit risk. Such factors include financial ratings, honesty and integrity of the applicant, his business facilities, experience and general ability, his past performance and future prospects. All of these factors, quite obviously, are requisite in credit research and analysis, and, while not entirely controllable, are to a large extent determinable. However, there is another factor of much importance. This is the factor of loss and damage over which the credit applicant, or debtor, who is otherwise highly qualified may have little or no control. Thus, the debtor who is worthy of every credit consideration from a standpoint of his own conduct and reliability may suddenly be prevented by causes entirely beyond his control from performing those functions which would not otherwise be omitted.

We would have little to discuss here if the credit risk could be fully depended upon to effectuate his own insurance program in such a manner as to protect properly his solvency at all times.

The degree of importance of insurance in its relation to credit granting is, of course, variable, depending upon the circumstances and conditions surrounding the credit

transaction. However, the insurance program of the debtor to be sound must be *adequate, comprehensive, and continuously valid* under changing conditions.

An Adequate Program

The adequacy of an insurance program, for example, should not be measured by the face amount of the Fire insurance carried in its relation to the amount of credit extended. This is particularly true where such insurance is underwritten subject to average or co-insurance conditions under which in the event of partial damage or destruction the Insured may collect only a portion of his loss because the amount of insurance carried did not equal a specified percentage of the over-all value of the property insured. Thus, failure of the debtor to maintain insurance to meet fully the requirements of his policy conditions may seriously affect the solvency of the credit risk in the event of loss. Every credit manager should fully understand the operation of "average" or "co-insurance" conditions in insurance policies and should explore the insurance program of the credit applicant to satisfy himself that there will be no co-insurance or average clause penalty should loss occur. The mere obtaining of information as to the amount of insurance protection carried may readily lead to a false conclusion by the credit executive that the insurance program is sound.

Comprehensiveness of protection in any insurance program is very important. Obviously, no one can determine to what type of loss, if any, he may be subject. Thus, a program of insurance which is not comprehensive in the application of insurance policies to any and all losses to which the Insured may be susceptible under the class of risk may fail completely and thereby seriously impair the credit risk. The tendency is toward comprehensive contracts of insurance which should have the recommendation of credit executives in most instances as opposed to single class coverages. By this it is not intended to imply that every credit risk should be insured for every type of insurance available, but rather it is intended that such insurances as are considered necessary be arranged under the broadest of comprehensive forms. As for example, liability insurance covering the operations or premises of a given business should extend comprehensively to cover liabilities assumed under contract or agreement with others. Coverage of Product Liability should be given every consideration.

Validity of the debtor's insurance under changing conditions is highly important. Insurance as far as possible should be fully automatic in extending coverage to any new exposures, changing operations, increased hazards, or any other conditions which may arise subsequent to the inception of the insurance. No insurance will be completely and continuously effective unless it automatically follows the changes and ramifications which will usually occur in the operation of a business or the ownership or maintenance of properties. This usually may be accomplished by reducing restrictive and limiting clauses and warranties in insurance contracts to a minimum and by the inclusion of broad permits clauses, terms, and conditions.

The preparation of insurance programs which will properly meet the conditions of *adequacy*, *comprehensiveness*, and *continuous validity* is, of course, not the province of credit executives; and it is, therefore, suggested that these factors of soundness be brought forcefully to the attention of the credit applicant with the unqualified recommendation that he consult his insurance broker specifically with respect to these conditions and inform the credit executive when the effectiveness of the insurance program has been established.

The importance of insurance from the credit standpoint may not depend so much upon the amount of credit extended as to the extent thereof in relation to the ability of the credit applicant to respond to his obligations. A small line of credit extended to a large and substantial concern should involve little, if any, insurance problem to the credit executive. Conversely, however, the granting of even a nominal line of credit to a business which must depend upon the preservation of its physical assets to remain solvent does create a situation which merits prominent consideration insurance-wise.

Coverage for Various Accounts

It has been suggested that recommendations be offered as to the types of insurance which should cover the average open accounts in various brackets, as for example, \$1000 and under, \$1000 to \$2000, and larger accounts up to \$10,000 or more. In the smaller credit brackets the amount involved may not justify close scrutiny of the applicant's insurance program. However, if the smaller risk does justify such scrutiny, the minimum basic requirements should be Fire, Third Party Liability, and Fidelity protection since these exposures constitute catastrophe hazards.

From custom and usage we usually think of Fire insurance first. Unquestionably, any insurance program involving buildings, machinery, equipment, and merchandise should be properly insured against loss or damage by fire and other physical perils, such as windstorm in one locality, earthquake in another, and so on. The effectiveness of Fire insurance in the matter of credit extension to a small firm is just as important and perhaps more so than to the larger credit risk whose solvency may not be imperiled even though Fire insurance may not be fully effective when loss occurs. We believe, therefore, that the Fire insurance program must be carefully scrutinized whether the credit risk be small or large.

Third Party Automobile and General Liability insurance is important where the extension of credit goes beyond a nominal amount, particularly where credit in excess of \$1000 is granted.

Generally speaking, protection against loss by infidelity is important in the granting of credit. Here again the solvency of a small credit risk will be more seriously impaired by an embezzlement or other similar dishonest act than the larger risk which can absorb the shock. This does not always hold true as there are well-known examples wherein dishonesty has brought about insolvency of large concerns. The factor of comprehensiveness such as is afforded by blanket Fidelity Bonds is important, and the adequacy of such insurance is, of course, desirable. The amount of Fidelity protection will not be measured by single loss susceptibility but rather by the exposure to cumulative large loss.

Cases Must Be Judged on Own Merits

Because the basic insurance programs of businesses both large and small are largely parallel as to essential coverages, it is felt that no definite rule can be laid down as a positive guide to the credit executive in his consideration of a proper insurance program for the small, medium, or large credit risk, but rather that each case must be carefully analyzed and the insurance program recommended to conform to the conditions surrounding the case. However, referring to the smaller credit risk, if it can be reasonably ascertained that Fire and collateral insurances, Third Party Automobile and General Liability insurance, and Fidelity protection are included in the insurance program of the credit applicant and that these insurances are arranged in adequate amounts, under comprehensive policies, and under terms and conditions to preserve validity under changing conditions, much will have been accomplished in preserving the solvency of the smaller debtor under circumstances which are beyond his control. Here again it is suggested that the credit applicant be urged to consult his insurance broker to verify the effectiveness of his insurance program or make such rearrangement as is necessary with advice to the credit executive when this has been accomplished.

Coming now to the larger credit account up to and exceeding \$10,000. Here the basic insurance program differs little from that of the smaller risk, but other elements become important such as Business Interruption insurance and Business Life Insurance. Serious impairment of the financial structure and, in fact, actual insolvency has resulted from the lack of Business Interruption protection. This insurance covers the loss of prospective profits and pays for fixed charges and expenses which must continue after loss. Generally, it may be said that the insurance program of any medium or large concern is not complete without such protection, which should be the concern of the credit executive. Obviously, it is important that this form of insurance be adequate to keep the concern solvent and able to meet its obligations.

The history of business is replete with instances involving the insolvency of otherwise progressive and prosperous firms, due to the sudden and unexpected disability or mortality of men in key positions. The manufacturing or administrative division of a "going"

business may be incapable of perpetuating its success following the loss of its sales promotion executive. Conversely, the most expert and efficient sales promotion will be seriously handicapped following the loss of the chief production, administrative or financial executive. Thus, the future success and consequent solvency of a business may be seriously impaired under such circumstances. It is, therefore, felt that the subject of such protection will be of much interest to the credit man; and the question of proper and adequate Business Life Insurance becomes a matter which merits full consideration.

Spreading the Insurance Budget

There are, of course, many other classes of insurance which are available and which, in our opinion, have little or no effect upon the credit risk. These insurances usually protect against the more probable small losses, and it is not advocated that they be given much attention by the credit executive whether the credit risk be small, medium, or large. It is suggested, however, that where insurance programs are budgeted, as is frequently the case, that there be a suggestion by the credit executive here or there that premium expenditure for the less consequential types of insurance be expended for the purchase of increased protection as applied to the types of loss and damage which create a serious impairment where the factor of adequacy has not been given sufficient consideration, as for example, increased Fire insurance, larger limits of Liability protection, or increased Fidelity coverage.

Realizing that the credit executive is, generally, not in position to analyze each and every detail of the insurance programs of the subject whose credit application is under consideration, it has been the objective of this discussion to stress the necessity for consideration only of those insurances which are considered necessary in their relation to credit and to encourage the interest of the credit executive in the insurance requirements of those in whom he is interested from the viewpoint of the extension of credit.

The Current Business Outlook

(Continued from Page 10)

reason to expect that new contracts will be written, with fewer strikes and work interruptions than characterized the early part of 1946. The sharp public reaction to the coal strike in the fall of 1946, the attitude of Congress toward the problem of corrective labor legislation and the unfavorable public reaction to the rash of portal-to-portal pay suits have combined to produce a much more cautious attitude on the part of union leadership.

Strikes Less Probable

Despite labor's conviction of the need for substantial wage increases, and despite their sincere opposition to many aspects of proposed legislation, current union strategy dictates the avoidance of strikes. This more moderate attitude is producing favorable by-products in two respects. In the first place, the probability that we shall have extremely restrictive labor legislation is re-

duced. That is fortunate from the point of view of long-run relationships. A second product is the opportunity given for both labor and management to devote time to formulation of sounder collective bargaining relationships. As a result many organizations and groups are formulating principles of labor-management relationships which are moderate in tone and constructive in principle.

The Cost of Government

No picture of the economic situation these days is complete without some attention to the problem of Government finances which now involve a large percentage of the national income. A realistic appraisal suggests that business cannot reasonably expect any very important measures of tax relief during the coming year. Although Congress will undoubtedly undertake to reduce the budget to be submitted by the President, which we understand will be in the neighborhood of \$37.5 billion, it is unlikely that net budget reductions will exceed \$2 or \$3 billion. Sound administration of public finance, I believe, would indicate that such a relatively small budgetary surplus should be devoted to reduction of the public debt rather than a reduction in taxes at this time. In any indication that a realistic appraisal suggests some hope for tax reduction one needs to bear in mind the difficulties of reducing the very large items in the budget which go for military purposes, veterans expenditures, interest on the public debt, etc. Moreover, when one considers the pressures which are likely to be exerted for additional veterans benefits, agricultural price supports and benefits, higher interest on Government debt, etc., one may be permitted to question whether the most careful pruning of the regular items of the budget will be sufficient to offset new appropriations authorized during the life of the Congress.

I believe we can summarize the picture in this fashion. There doesn't seem to be much prospect of any increase in business investment; the rate of savings is declining, and there is little likelihood that expansion in commercial and residential construction can offset the anticipated decline in new industrial plant and equipment. In order to absorb even a 5 per cent increase in production in the year 1947 there must be a substantial increase in consumer demand and expenditures. Average prices must either come down 7 or 8 per cent or consumer incomes go up 10 per cent. Some of each is likely, but not enough to provide for any expansion of production and perhaps not enough to absorb current rate of production. The labor-management picture is better than in 1946. There is little likelihood of any important tax relief.

It all adds up to the prospect of a leveling off period in the first half of 1947 and some shakedown or temporary setback in the latter half of the year. There is no real prospect of a serious depression at this time. The very great backlog of demand for durable goods and the fundamentally sound position of most sectors of our economy indicate a much more favorable outlook than in any year preceding a depression. Perhaps we can put it this way: We are going to have a corrective adjustment and at the end of the year we should be in a stronger position to move forward with slow but steady expansion.

DID YOU KNOW THESE ANSWERS?

Lawyers' Terms Can Be Very Perplexing

by CARL B. EVERBERG

Attorney-at-Law, Boston

Q People, such as credit men who are not themselves lawyers, but who constantly come upon legal phraseology and situations, often wonder just what this term means, or how that situation arises. Mr. Everberg answers two such questions below. It is planned, if Mr. Everberg's busy schedule permits, to make this a regular monthly feature.

Is it true that if an indorser of an instrument (such as a note or a check) adds the words "without recourse" after his indorsement he cannot thereafter be held liable?

No, it is not true. While thereby he eliminates any liability on his guaranty or payment if the maker fails to pay, he is still liable on certain warranties. One who indorses "without recourse" is known as a qualified indorser and is just as liable as a general indorser on these warranties implied by law. The uniform Negotiable Instruments Law, adopted in every State, provides that a qualified indorser warrants (1) that the instrument is genuine and in all respects what it purports to be; (2) that he has a good title to it; (3) that all prior parties had capacity to contract and (4) that he has no knowledge of any fact which would impair the validity of the instrument or render it valueless.

Therefore, under (1) if a person indorses a check in the amount of \$100 "without recourse," he is liable to a holder in due course for \$90 if it later turns out the check was drawn for only \$10 and had been raised to \$100. It makes no difference, either, that the indorser was ignorant of the alteration. Under (4) a qualified indorser would be liable on his warranty where he knew that the instrument was invalid because of an illegal transaction.

It may be somewhat easier to understand this when attention is called to an analogy between the seller of merchandise and an indorser. Every seller of goods warrants by law that they are of merchantable value or fit for a certain purpose. The indorser is like a vendor, except that he is dealing in a *chose in action* instead of merchandise.

Why is the expression "time is of the essence" often inserted in contracts?"

It goes back to the tendency of the courts to hold that unless the nature of the contract is such that it is absolutely vital that it be performed on the exact day stated in the contract, a party is entitled to a reasonable time thereafter to perform. The general rule is that, even though a time for performance be stated in a contract (in absence of an express condition to the

effect that time is of the essence), time is *not* of the essence. In other words, the time for performance is not a condition which must be met strictly by a party; and should he fail to carry out his obligation exactly on time it will not excuse the other party from *his* performance nor give him the right to bring action for breach of contract.

There are some exceptions, as, for example, where



Ships! Big ships, little ships, fussy tug-boats, railroad ferries! New York Harbor is a thrilling sight. Your Convention coupon book (free) includes a ride round Manhattan and a chance to view the shipping from the best vantage point.

time for performance is obviously of such prime importance that the courts will recognize "time as of the essence." Thus in an option contract, the time within which one may exercise a right is of extreme importance. In contracts where the subject-matter is perishable or seasonable, time is also important and therefore of the essence. But if one is entering into a contract it is always best to provide expressly that "time is of the essence" if in fact it is desirable that the other party perform at the time stipulated in the contract.

-OR THESE?

A General Quiz For Credit Men Of All Ages

by E. C. VORLANDER

Credit Manager, Minneapolis-Honeywell Regulator Co., Minneapolis

CM Mr. Vorlander recently gave this quiz to his Credit and Collection class. NO prizes are offered. NO papers will be graded. Like the slot machines these questions are for amusement only.

1. (10 Minutes)

If you were president of your Company, what are the minimum qualifications you would require of the person in your Company who was to be Manager of the Credit and Collection Department?

- In Education
- In Experience
- In Character and Personality

2. (10 Minutes)

What are the major essential characteristics of a negotiable instrument? What legal advantage does it give the creditor in event suit on the amount is necessary?

3. (5 Minutes)

Explain the difference between a stockholder and a bondholder in a corporation.

4. (10 Minutes)

What are the basic factors (three C's) to be considered in evaluating a Credit risk and state briefly the elements of credit information which would be most valuable in reaching your decision regarding them.

5. (5 Minutes)

What commercial sources of credit information are considered most important for normal use? If your customer had just entered into business for the first time, what source of information would you inquire of to determine his character and the method of payment of his personal obligations.

6. (10 Minutes)

In what instances do you believe a customer should

be asked for a financial statement.

7. (10 Minutes)

How are the following financial statement ratios arrived at:

- Quick assets to quick liabilities
- Inventory turnover or sales to merchandise
- Accounts receivable turnover or sales to receivables.

8. (30 Minutes)

The A. B. Co., Inc., a hardware and appliance dealer in a southern Minnesota town of 6,000 population places an order for \$3,212.00 in miscellaneous appliances with your company, a Twin City jobber. Investigation indicates A. B. Co. has been in business for a year and three months and the principals are of good character with clear commercial records. Your salesman tells you they have a potential of \$2500.00 per month in requirement of your products and have submitted the following financial statement for consideration of open a/c terms which are 2% 10 days, net 30.

Assets

Cash	\$1,464.85
Accts. Rec.	12,126.10
Inventory	18,415.18

Total current	\$32,006.13
Furniture & Fixtures	6,712.46

Total Assets	\$48,718.59
Annual sales	\$49,416.22
of which	
sales on credit are	\$29,612.55

Liabilities

Acct's. Payable	\$6,413.26
Owing bank	5,000.00
Owing on floor planned stock	7,248.49

Total current	\$18,661.75
Chattel Mortgage on Furn. & Fix. ...	2,912.16

\$21,573.91

18 houses reported trade experiences varying from prompt to 60 days slow in amount up to \$3,264.18.

What would your decision be? If you felt need of added information, what would you be particularly interested in? How do you believe you could best get it?

Editor's Note: Mr. Everberg's remarks, here and in any of his future writings, are of general interest only; it is understood that neither this publication, nor Mr. Everberg herein, is engaged in rendering any legal or other professional service. Mr. Everberg will NOT answer specific questions of law. His discussion should not be used as a substitute for the advice of a competent attorney.

BEWARE OF FALSE "PROFITS"

Are You Prepared To Cope With Adverse Conditions?

by S. A. TESORIERE

Certified Public Accountant, New York

IN Profits are not what they appear to be. In a period of rising costs there creeps into the term "profits" a substantial amount of purely paper or market gains. This market element in business profits as currently computed is as illusory and unexpendable as an increment on securities maintained in a safe deposit vault during a "bull" market. The folly of taking the family on a luxury cruise, or buying that palatial summer home as a result of gains on securities not "cashed in" has long been recognized. Yet the business world has not fully recognized its own follies. It has been paying dividends, approving bonuses, embarking on elaborate expansion programs or other ambitious plans based on reported earnings which contain a substantial amount of similar unexpendable market profits.

House for Sale

The profit motive has always been an instinctive driving force in man. Without this impelling instinct it is difficult to conceive of a civilization much beyond that of the stone age. Yet today we find home owners refusing to sell their homes though very profitable offers are constantly tempting them. The average car owner can sell his automobile for almost double its cost. Refrigerators and other items in heavy demand offer similar attractions. Still he hesitates to sell. We're not surprised at this hesitancy. We know that it is only an apparent profit which he is being offered. That just as soon as the seller attempts to replace his sale with a similar purchase, which he may of necessity require, his "profit" will be absorbed in the cost of the replacement. The vendor, going through this selling and buying cycle, finds himself at the end no better off than when he started, plus the strain involved. Yet we are not at all startled come tax time, to see such a vendor report and pay a tax on the "profit" we know he merely captured in a fleeting glance. The excess of revenue over cost is called profit. But was that profit realized? Could he satisfy his wife's whim for that new hat with it? Realistically, wasn't it consumed by the succeeding buying transactions which left him in substantially the same position he enjoyed before he began the cycle?

Money is only the modern convenient means of exchange. Stripping transactions of this modern convenience, we can determine, as readily as our cave-men ancestors did, that profit results only when there has been a net accretion in wealth. The mere substitu-

tion of an asset for a similar asset cannot in itself constitute income. By the same token there can be no profit where the proceeds from the sale of a house situated by a lake are fully consumed by the purchase of a similar home overlooking the railroad tracks. This is an unalterable fact regardless of the enormity of the apparent gain reaped in the initial sale. A few more "profitable" deals like that and lifetime earnings can quickly vanish into paid tax receipts.

The "Profit" Vanishes

Carrying our case forward into the complexities of the business world we find the same conditions apply. Isolating a set of transactions for closer scrutiny we can readily observe the process called "evaporation of business profits." Assume a situation wherein a parent donates to his son a shipyard together with a freshly constructed yacht in inventory which cost \$300,000 to build. The son receives no cash, but is told to sell the ship and with the cash build a new one. At the end of that period the son is to keep all profits after returning to his father the shipyard and a yacht exactly like the one he originally acquired.

The market for boats was good and the sale brought \$500,000. Highly satisfied with the apparent profit of \$200,000 made on the deal, the son begins work on an identical yacht that he might fulfill the terms of the agreement. Rising material and labor costs, such as are prevalent today, bring the cost of construction to \$490,000. He has kept his part of the bargain and requests of his father a profit of \$200,000 arrived at by conventionally applying the cost of \$300,000 against the selling price. The father examining the figures a moment says, "Splendid work; draw yourself a check for it." Calling for the firm's checkbook he finds the balance appearing thereon to be only \$10,000 (the difference between the sales price and the \$490,000 required to build the new ship).

"Well that must be your profit, son. I told you when we entered into this agreement I wanted nothing beyond a full return of the things I gave you. These you have diligently returned to me, you may keep everything over and above that. In this case it's \$10,000.00. That is your profit."

We can well imagine the son's disappointment, but we must appreciate that in this case the net accretion to the business was just the balance in the checking account. Only to the extent that proceeds from sale are not absorbed in replacement costs has there resulted

expendable income. How much sadder it would have been had the son spent his apparent profit as he was so often tempted to do. He then would have come to the rude awakening that money would have to be borrowed from other sources, most likely banks, in order to fulfill his bargain.

Two Kinds of Profits

We can readily see the effect of inflated costs in the isolated cases cited. Strangely enough, however, when we toss a multiple of transactions into the complex economic structure of modern business we lose sight of fundamentals. We arrive at a profit figure which is as sound as a child's concept of the Einstein theory.

At this point it would be advantageous to inquire briefly into the two different natures of profits. The \$10,000.00 expendable profit in the shipyard case is called a management profit. It represents that increase in the net worth of the business attributable to its operators. This real profit results from the purchase and/or manufacture of merchandise and the disposition of such merchandise on an ideal market. By an ideal market is meant a market free from the influence of a cyclical and seasonal movements—a market that is static. The \$190,000.00 additional profit computed by the son is called a market profit. It represents that part of the income arising from the sale of merchandise at prices influenced by favorable economic conditions. In effect it is a temporary windfall. Skill and ability are no requisites. Mere presence in business is its only requirement. If the business is only a temporary venture which will terminate while this favorable economic wind is blowing these market profits can become realized. In a going enterprise these gains are sponged into higher valued inventories. In a period of a few months adverse price movements will demand a full restitution of these ephemeral profits. Certainly over a period of time gains and losses arising from market fluctuations will tend to level out.

Delusive Income

Because the two very different types of income are merged indiscriminately we are led to believe that which is not. Unless the distinction is properly made, American enterprise will likely find its operating statements inflated by several billions of dollars of supposed profits. Stockholders will look for greater dividends. Labor for a greater share in earnings. Government for more taxes. In addition, business men will make important financial decisions based upon financial statements which overlook the vital market factor. The total effect of this misunderstanding is to aggravate the cyclical fluctuations of business.

The problem of recognizing misleading profits exists to some extent in all types of businesses. The seriousness of the problem naturally varies with the size of the inventory carried. The violence of fluctuations which affect these inventories and the lapse of time between the purchase of material and the sale of the finished product are additional factors in their creation.

How this market element operates is simple enough. This country averages about eighteen billions of dollars in inventories. On account of the present price

inflation commodity prices have repeated or even exceeded the experience of the 1914-1920 war and post-war years. Accordingly, business will now find itself with inventories which have increased considerably in monetary value although it may not have added a yard, a pound, a gallon more of goods on hand. The effect of such a consistently rising price level is the creation of false profits. These profits are the equivalent of a mark-up in the value of goods acquired to replace original inventories.

Some Corporations Recognize Danger

In the next month or two, published corporate reports for the year 1946 will be circulated throughout the states. If the past is any indication of the future, no mention will be made covering the serious market element which has inflated their profits. Management will proudly expand its chest and act as though its unparalleled brilliance was responsible for the results.

It is a sad chronicle of modern business when we realize that many large manufacturing companies can, for example, tell us the cost of the minutest screw entering into the production of their product, yet they cannot tell us what part of their reported profits are purely fictional and make, in the main, no effort to do so.

However, it is heartening to observe that there are a few corporations that have put their stockholders and the general public on notice that conditions are not as good as they appear in their financial reports. Special reference is made to a large midwestern canning company which forsook the traditional type of annual report. Rather than take credit for new highs attained in sales, earnings, working capital, etc., it frankly admitted, without specifying the extent, that its financial figures have lost their significance due to the inflationary market conditions prevailing. That company should be complimented for its candor. We could use more annual reports of that type. Comments as those apply almost exclusively to the other reporting corporations.

Financial Collapse

Responsible business analysts and writers have given as their opinion that one of the important unhealthy business conditions existing in 1929, and the years immediately preceding, was the calculation of profits based on inventory or market gains. In turn, these "profits" beguiled management to pay excessive dividends, salaries, and bonuses, and to expand their productive facilities unduly. The payment of taxes on these unrealized gains was a further unsettling factor. Extravagance and over-expansion are the direct results of a failure to distinguish alleged profits from real income. And as such they are grave harbingers of depressions.

Today, another boom era is with us as we emerge from World War II. Market prices have been rising steadily, consequently, pseudo profits are again common in substantial degrees. Business can take its cue from past experience. Prices will return to normalcy. Accordingly, the present is the propitious time for businessmen to make adequate provision for future price declines out of the market profits appearing on the finan-

(Continued on page 26)

SMALL BUSINESS TODAY—TOMORROW

Management Counsel Needed Today More Than Ever

by J. L. KELLY

Director, Office of Small Business, U. S. Department of Commerce

EN Today the United States has the largest population of small businesses in its history—three and one-half-million of them. According to a recent estimate of the Department of Commerce, more than 670 thousand new enterprises have appeared since the wartime low of December, 1943, and disappearances of all kinds, including transfers, retirements and failures, have sunk to an all-time low. Never before have so many new enterprises appeared in an equal period of time.

This numerical growth has been hailed by some newspaper writers as evidence that all is well at the grass roots of our free enterprise system, and that small business is stronger than it ever was before. Others, better informed, recognize that the growth is merely a postwar rebound. Thousands of veterans, out of uniform, have determined to go into business for themselves instead of returning to their old jobs. Thousands of workers, with money saved from high-paid wartime jobs, have left their benches and machines to set up shops for themselves. With new skills acquired in service schools and war plants, and good American ambition fired by new experiences and associations, they have stepped out on the highway that they hope will lead them to economic independence.

Small Business Keystone of Free Enterprise

The future of these enterprises is a matter of grave concern to every level and segment of our national life. For big business, the strength and vitality of small business offers the best possible assurance that Americans will continue to support the privilege of all legitimate businesses, both big and small, to operate free from hampering government controls. For farmers and other producers from the soil, small business gives assurance of better prices resulting from a multitude of markets competing for their products. For laboring men, it provides more freedom in choosing employment. For all of us, it means better and more convenient service, and better living. It is up to us to see that the thousands of small enterprises born since the end of the war are not just a new crop of failures.

Of course, some of them will fail. They have been launched by untrained and inexperienced enterprisers, who were foredoomed to failure from the start. Many more who deserve to succeed may fail for lack of information that should be available to them—informa-

tion on establishing credit, purchasing and selling, advertising, and all the many other elements that enter into successful business management.

Needs Specialized Advice

Unlike the big fellows, the little businessman must get along without a staff of specialists to help him chart his way. He must handle every phase of his business. Give him access to dependable, up-to-date information of the kind that big business uses to solve its management and production problems, and he will usually take care of himself. This is the kind of assistance that United States Department of Commerce, through its Office of Small Business, undertakes to provide.

The office of Small Business draws its information from many sources: from other offices and bureaus in the Department of Commerce which have been engaged for many years in statistical studies and technical research relating to business and industry; from trade associations and other business organizations which serve as assembly points for the most progressive ideas in the business groups that they represent; from university schools of business and bureaus of business research which use the tools of science to study the problems of business. This information includes practical suggestions on business management and plant operation, technical assistance, business statistics, and many types of useful facts on industries, commodities, and markets.

The Office of Small Business adapts this information to the needs of the small businessman, and puts it where he can get at it easily. In the Department of Commerce field offices, located in strategic cities throughout the country, trained and experienced counselors are stationed to give personal attention to the problems of small businessmen, and to make informational material available to them.

This informational material covers all phases of business management, from items of "know-how" to the over-all operation of certain types of enterprises such as grocery stores or weekly newspapers.

Department Literature

There are three series of Commerce publications that deal specifically with the problems of small business. One series, composed of 41 volumes discussing the management of as many types of small business, is called the "Establishing and Operating" series. An



In today's fight against high costs . . . written communications move faster, easier, at less expense . . . thanks to office systems made more efficient by the modern miracle of electronics. The Edison Electronic Voicewriter . . . identified by its Ear-Tuned Jewel-Action . . . corrects the rise and fall of the dictating voice . . . sees to it that the exact words spoken arrive on paper at lowest cost.



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Thomas A. Edison, Incorporated, West Orange, New Jersey, (in Canada: Thomas A. Edison of Canada Ltd., Toronto 1, Ontario.)

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See The Complete Edison Electronic VOICEWRITER and Ediphone Exhibit At Booth No. 4, Hotel Pennsylvania, New York City, May 11, 12, 13, 14 and 15.

introductory volume to the series is entitled "Establishing and Operating Your Own Business."

The second series, which deals with specific phases of business operation goes under the name of "Small Business Aids." This is a continuing series, prepared and mimeographed by the Office of Small Business primarily for the use of counselors in the field offices, in dealing with small businessmen.

These Small Business Aids are of two kinds: (1) abstracts of condensations of articles and reports in business papers, trade journals, government reports, and other sources of authoritative business information; (2) case studies of successful business enterprises that point the way for other enterprises to solve their management problems and increase their earnings.

These publications are distributed in different ways. The "Establishing and Operating" booklets are available for purchase from the Superintendent of Documents and the Commerce field offices at prices ranging from 10 cents to 55 cents. Individual copies of Small Business Aids and Production Aids may be obtained without cost by persons who need the information contained in them.

Advice on Loans

In the field of finance, the Office of Small Business serves the small businessman by helping him to determine the type of loan and the amount of money that he needs, by acquainting him with the kind of information required by lenders, and showing him how to organize it. Sometimes he may be directed to a lending agency that makes loans of the kind that he requires.

Information is also available, through the Office of Small Business and the field offices, about taxes and the multitude of laws and regulations that affect the establishment and operation of small enterprises. Concrete and specific aid is provided for the small businessman in connection with the many services and facilities available to him from the Government. Business operators who are hampered by unfair trade practices are given assistance in obtaining relief, or in presenting their problems to the proper government agencies.

Special attention to the problems of the small manufacturer includes assistance in obtaining contracts from government, state, and municipal procurement agencies, and in getting subcontracts from larger manufacturing concerns. Help in finding equipment and production materials not in normal supply, or in locating suitable substitutes, is also offered. Efficient methods of production and new uses for materials are investigated and passed along to any manufacturer who requests such assistance.

Other Aids

Another phase of the activities of the Office of Small Business is concerned with improving the competitive position of all small business, or in benefiting large segments of small business in given areas or specific trades and industries.

The Office of Small Business represents the interests of small business before other government agencies which are engaged in formulating policies and regula-

tions that affect small businessmen. It works with the Treasury and committees of Congress on taxation, with the Federal Trade Commission and the Department of Justice on trade practices, and with all agencies that exercise control over the supply of materials, goods, and equipment. Assistance is given to business and industrial organizations to promote the adoption of industry-wide codes of fair trade practices.

The cooperation of university schools of business is enlisted to expand the educational facilities available to small businessmen who want to learn more about various phases of business management, and to undergraduates who want to enter the field of business. Conferences for businessmen are encouraged by the Office of Small Business, and are sponsored in cooperation with chambers of commerce and other business associations. University bureaus of business research are invited to cooperate in seeking solutions for the problems of small business.

Cooperation With National Groups

Especially important is the cooperation of chambers of commerce, trade associations, and organizations, such as the National Association of Credit Men, which can expand greatly the services offered by the Office of Small Business by making practical business information more easily accessible to small businessmen. No one is more conscious than the credit man of the need for better management among small enterprises. Any program that operates to improve business management means more good credit risks, more good customers for the concern that the credit man represents, and fewer bad accounts.

The Office of Small Business has made available to the National Association of Credit Men all information issued by the Department of Commerce for the specific assistance of small business. This information includes the Small Business Aids in complete series, together with much other material prepared for counselors or for distribution to small businessmen and potential businessmen.

Another fruitful result of this cooperation should be suggestions from credit men, in various parts of the country, regarding the kinds of information and assistance that are needed by the small businessmen with whom they come in contact. The whole program of the Office of Small Business is tailored to the needs of small business as these needs are made known through direct relationships with small businessmen and with organizations and agencies that represent them.

Similar programs of cooperation have been agreed upon or are in the making with various other organizations, including the American Bankers Association which is recommending the establishment of lending libraries for small businessmen in all of its 15,000 member banks. The nature of the cooperation in each instance will be determined, of course, by the character and policies of the organizations that participate in the program.

The postwar years have been easy years for small business, hampered only by problems of production. Anyone who could get merchandise of any kind could

All these operations on 5000 Accounts



...with ONE girl!

"S. U. I. A. P." heralds a new era in speed, accuracy and economy

"Four clerks using this system equal ten to twelve clerks with our former 'standard' method," boasts a leading candy manufacturer.*

"Faster credit clearance . . . less opportunity for error . . . practical, easy collection effort with no delay"—says a leading package-products house.*

The wording varies—but praise from every user of S.U.I.A.P. (Simplified Unit Invoice Accounting Plan) makes it clear that here is the long-sought method needed for faster and simpler accounts receivable operations.

BASIC IDEA: S.U.I.A.P. is a unit plan that makes it practical for one girl to handle all activities on up to 5000 or more accounts, all under visible individual record control.

She authorizes credits from a glance at her record—relieving credit officials of all ordinary routine.

She enters each charge simply by filing the invoice copy in the customer's Kolect-A-Matic Visible Ledger Pocket.

She "applies" payments by date-stamping "PAID" the invoices they cover.

She keeps ledgers in balance by estab-

lishing controls for all debits and credits.

She handles routine collection effort accurately and effectively, with Graph-A-Matic signal control "spotting" delinquent accounts.

And not least important, her desk provides *certified* protection of all records, 24 hours a day, from fire and the impact of crushing falls.

Centralized operations—less paperwork and record writing—faster order handling—getting the money in with less effort and less delay! Ideal for manufacturers, wholesalers, transport and other organizations.

Send today for folder KD-253.

*Name on request.

SYSTEMS
DIVISION

Remington Rand

315 Fourth Ave.,
New York 10, N. Y.

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sell it. All kinds of services were also in demand. Competition among sellers was almost nonexistent. Now, however, the pendulum has begun to swing the other way, and competition grows keener with each passing month. Thousands of new businessmen, including many veterans, who have been coasting along on the wave of postwar economic buoyancy must soon face a time when the continuation of their enterprises will depend on their skills as managers.

These new businessmen must learn the importance of budgeting, if they do not already know it. They must learn how to plan their spending to stay within their incomes, how to buy in order to avoid unbalanced inventories, and how to attract customers and hold them. Unless they do understand these principals, and other fundamentals of good management, many of them are doomed to fail.

Don't Wait Till Businesses Fail

Now is the time to meet this challenge before the pinch begins to come. There is little need for any program to improve the management of small business in periods of economic stress, for the only kinds of small businesses that can exist in a severe depression are those which are capably managed. The time to prevent any catastrophe is before it happens.

The very fact that the small business population is now at the highest point in history is the best possible evidence that more small enterprises need intelligent management counsel now than ever needed it before. Given the right kind of assistance and guidance, many small enterprises that would otherwise fail may become permanent business assets of the communities which they are now serving.

Management, Credit & Sales

(Continued from Page 8)

6. General Responsibilities of Management.

We expect Management to accept the challenge of our Government with respect to taxation. Simply because we are confronted with a staggering debt of 260 billion dollars is no reason every possible effort should not be made to affect tax reduction. Wartime extravagance and unwarranted taxes do not improve the product, but add to the price the sales organization must exact from the customer.

Most top management at some time were salesmen. They probably retain their ability to sell, but they should not try to sell something to their sales organization unless they themselves are sold on it. Sales people are continuously aware of their two masters, their boss and their livelihood. Top Management can well afford to keep in its mind the fact that it is sharing authority with an even greater and more fundamental influence on its salesmen's activities. The TWO masters can work to a common end.

7. Summary.

With Top Management giving Sales Management a product of at least equal qualities and refinement, production at a reasonable cost, and in sufficient quantity

to meet normal demands, an adequate engineering, research and advertising staff, and with proper control of finances, the matter of distribution becomes an easier problem for Sales Management.

I feel it is not amiss for me to say, however, that management, generally speaking, has solved some of these problems, and while much is yet undone, Sales Management must also find means of reducing selling and distribution costs.

So much for Top Management.

And Now the Credit Man

Sales Management expects from Credit Management-Saleswise:

A Credit Manager should be an Executive able to convince salesmen that he is more than a necessary evil. It has always seemed to me far too many salesmen look upon a credit manager in this respect. True, this is not as it should be. Here too is an opportunity for some educational work. Too few salesmen understand the importance of a competent credit department. They fail to appreciate how beneficial a sound, yet liberal, credit department can be in affecting sales. It seems such initiative rests with the credit department. Certainly by a method of education in some form, a series of bulletins or a credit manual, closer relationship may be accomplished.

Salesmen are not accountants, they dislike statistics and details. Quite often they cannot read a trial balance and some know no difference between assets and liabilities. They do not know fundamentals underlying credit, the value of financial statements, the importance of terms of sales to profit.

Sales management expects a credit manager to assist and promote sales through the creation of a mutual understanding of each other's problems. Complete cooperation can lessen the work and responsibility of each, and add materially to sales effort. A credit manager should not be jealous of his prerogative, as is sometimes evident. Most sales are made under highly competitive conditions and a salesman's income is dependent upon a satisfactory, profitable volume. A negative decision by the credit manager after a hard earned sales victory does not tend to improve the relationship between the sales and credit divisions.

Qualifications of a Credit Executive

A credit executive should have vision, able to foresee the possibilities of the purchasers' ability to pay, as well as the hazards of credit extension. He must be a student, able to do the right thinking and reaching the right decisions. He must be sales-minded. He must be able to have the sales organization understand his responsibilities. He should, in the sale of capital goods or any commodity of considerable dollar value, be in position, if warranted, to make a personal visit or local investigation, often justifying credit extension where otherwise sales expense and profits would be lost. The credit manager has not helped profits or management realize on their capital investment through a too conservative policy. A credit executive, sales minded and able to have his sales organization understand his responsibilities, is a valuable asset to his company.



HAUNTED HOUSE?

It may surprise you, but that happy home of yours is haunted. Dozens of fierce little fire hazards are lurking from cellar to attic . . . waiting to burst into flame when you least expect it!

Scared? You'd better be . . . last year fire snatched away 10,000 lives, devoured over one-half billion dollars worth of property!

Better check your house now . . . and clean out these and other hazards that threaten your life and home!

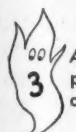


Keep chimneys and flues clean and repaired—hot gases and sparks escape from cracks!

Don't smoke in bed—your life and home may be at stake!



Don't leave iron on—when you leave, detach plug!



Avoid makeshift wiring—replace frayed cords—short circuits cause many fires.



Beware of inflammable cleaning fluids—some vapors can be exploded by tiniest spark!



Throw out the tinder in your house—get rid of papers and litter!



Prevent spark damage—use fireplace screen to save woodwork, rugs, furniture and perhaps your home!



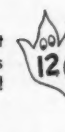
Handle matches carefully—keep them covered, out of children's reach!



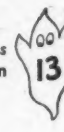
Clean out cellar—never store rubbish near furnace!



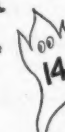
Use proper fuses—they're "safety valves"; never use coins or other metal!



Keep furnace and heating pipes cleaned and repaired—watch for sagging, holes or cracks!



Don't leave oily rags or mops around—spontaneous ignition causes many fires!



Don't store gasoline—a spark can destroy garage and car!

If you want to know 46 other ways to prevent fire in your home, in your business or elsewhere, write the Hartford Fire Insurance Company.

FIRE HAZARDS GONE?

Good work! but there are unpreventable hazards and sometimes lapses in care. Ask your Hartford agent or broker to protect you from loss with adequate insurance to cover today's higher values—see him today!



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Hartford Fire Insurance Company • Hartford Accident and Indemnity Company
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Writing practically all forms of insurance except personal life insurance • Hartford 15, Connecticut



THE STORY OF CARROLL

Every Man Can Analyze His Own Balance Sheet

by CHARLES FORWARD

Special Writer

CIn the course of my daily chores of gathering data and information about business men and business topics, it is only natural that I meet and talk with all types of business tycoons and all kinds of plain little merchants. No matter what is the purpose or subject of my conversation, with very few exceptions, I am always forced to listen to a good deal of complaining and griping. Some men carry on to such an extent that it appears to be a phobia with them. You don't take it so to heart when you walk into the office of a physical and mental giant, whose success is self-evident. His ranting and raving about "conditions" and "problems" is just an act for the benefit of the audience. At times you really feel yourself in deep sympathy with the man who is honestly struggling to get along in business and finds himself trapped in a confusion of governmental restrictions and labor problems. As one executive put it: "These *almost* insurmountable difficulties, beyond a business man's control, are deliberately thrown at business, without rhyme or reason by a bunch of bureaucratic school kids who don't know enough to come in out of the rain."

After you've heard these legitimate and illegitimate complaints all day long you begin to wonder about the strength of character of our business men—you begin to question the mental capacity of men who can allow themselves to get into such a frame of mind. You wonder if they have taken stock of their assets recently. It is good to do that every once in a while.

When I begin thinking the course is too tough and there are too many hurdles, I always think of Carroll and then feel a little ashamed of myself. Carroll is a business man whom many of us should stand before in humility, but he wouldn't have it that way. He would just say, "Cut—there's work to be done."

When George V. Carroll, Certified Public Accountant, opened his office in the Hale Building at East Orange, N. J., even his best friends thought he was making a mistake, but Carroll was determined. Today he's expanding his office. This week he's going to Canada for a two week vacation—the first real vacation in ten years. I was one of those "who knew Carroll when," and it's not easy for me to tell the story. Let Carroll do it. Read this letter; it'll do you good.

George G. Salmon, Jr., M.D.

144 So. Harrison Street,

East Orange, N. J.

Dear Dr. Salmon:

This is in response to your letter of September 5th

concerning your desire to gather from former poliomyelitis patients information which might be of value in an effort to encourage new patients. I shall try to be as coherent as possible in the following recitation of my thoughts on the subject, in spite of the fact that such an assignment as this does not conform to a one-two-three analysis. I am sure that you will accept my presentation in the spirit in which it is given and not condemn me for any self-appraisal, emotional reaction, or attitude which varies from what might be an accepted norm.

Perhaps a brief outline of my background up until the time I contracted polio at the age of twenty-eight would be a starting point. During the time I was in high school and college, I stood reasonably high in my classes and was very active in a number of forms of athletics, chiefly baseball, swimming, soccer, and acrobatics. After graduation from college and following a few false starts, I secured a position with a large manufacturing company. By the time I contracted polio, I had been married for four years, had a son a year and a half old, and had a better-than-average future in prospect. In other words, I approached my bout with paralysis with as happy a situation as one could ask for.

Realization Came Slowly

When the bug took its nip, I ran an emotional gamut that is probably familiar to all polios: It couldn't possibly happen to me; How could I spare time away from work to go to a hospital for three weeks? At worst, this condition is only temporary!

I did have one reaction which served to help me over the hurdle of realization that my immobile legs were an actuality. As a result of my previous athletic activity, especially in acrobatics, I had a well developed sense of muscular coordination and a great deal of confidence in what I could do with my arms. This confidence led me to minimize the paralysis in my legs; because I was sure I should be able to get around in spite of it. But this reassurance was short lived, for a day and a half later my arms and hands were completely useless. That, I believe, was the biggest blow that I had to face—even greater than nine weeks confinement in the respirator.

There followed two and a half years of hospitalization and treatment during which I recovered only a limited use of my hands—and there has been no further improvement. I can write legibly; light my pipe; and

COMMERCIAL UNION - OCEAN GROUP

of Capital Stock Insurance Companies

Leadership • • Financial Strength



LEADERSHIP built by Sound Management, Integrity and Experience.

FINANCIAL STRENGTH built by Steady, Constructive Growth.

The insurance service of our Fire and Casualty companies is readily available through our agents located conveniently in cities and towns from Coast to Coast. We invite you to consult them or your own broker.



UNITED STATES RESOURCES DECEMBER 31, 1946

COMPANIES OF THE COMMERCIAL UNION - OCEAN GROUP	* TOTAL ADMITTED ASSETS	RESERVE FOR LIABILITIES	* POLICY- HOLDERS SURPLUS	SECURITIES DEPOSITED AS REQUIRED BY LAW	MARKET VALUES * (See note below)	
					ADMITTED ASSETS	POLICYHOLDERS' SURPLUS
Commercial Union Assurance Co. Ltd. † ORGANIZED 1861	\$19,998,007	\$12,719,674	\$7,278,333	\$1,028,848	\$20,426,455	\$7,706,782
The Ocean Accident & Guarantee Corp. Ltd. † ORGANIZED 1871	24,114,964	17,574,605	6,540,359	989,027	24,790,353	7,215,748
American Central Insurance Company ORGANIZED 1853	9,482,240	5,573,674	3,908,566	392,007	9,891,592	4,317,917
The British General Insurance Co. Ltd. † ORGANIZED 1904	1,556,923	817,828	739,095	630,613	1,631,933	814,105
The California Insurance Company ORGANIZED 1864	6,365,590	3,404,727	2,960,863	372,006	6,591,991	3,187,264
Columbia Casualty Company ORGANIZED 1920	12,220,859	8,073,750	4,147,109	710,553	12,594,366	4,520,616
The Commercial Union Fire Ins. Co. of N.Y. ORGANIZED 1890	4,369,803	2,745,143	1,624,660	283,754	4,497,552	1,752,409
The Palatine Insurance Company Ltd. † ORGANIZED 1886	3,853,786	1,888,264	1,965,522	632,788	4,018,811	2,130,547
Union Assurance Society Limited † ORGANIZED 1714	3,082,097	1,896,121	1,185,976	633,725	3,206,427	1,310,306

† U. S. Branch

* If all Bonds and Stocks owned were valued on the basis of December 31, 1946 Market Values, the Total Admitted Assets and Policyholders' Surplus would correspond to the amounts shown in the columns at the right.

**FIRE - CASUALTY - MARINE
AUTOMOBILE - AVIATION - BONDS**

HEAD OFFICE: ONE PARK AVENUE, NEW YORK 16, N. Y.

NEW YORK
CHICAGO



ATLANTA
SAN FRANCISCO

with the aid of an ingenious gadget devised at Warm Springs I can shave and feed myself. That is about the sum of the muscular function I have now—or expect ever to have.

When I was discharged from Warm Springs, I came home wallowing in the nadir of emotional depression. What little savings I had, had been dissipated in medical bills. I felt that I had nothing to start with; and no particular place to go if I had. In spite of this attitude of hopelessness, it never occurred to me to use it as an excuse to relieve myself of responsibility for the support of my small family.

Assets Overlooked

At this point started the period of worry that came very near to fixing my little red wagon. During one spell of depression that started on its way to a new low, however, I came to the conclusion that something must be done to avoid what seemed the inevitable crack-up. I thought of an accountant I had worked for who paraphrased the out-dated bridge wheeze, "When in doubt, lead trump". His version was, "When in doubt, take an inventory". I decided that that might help. So I took myself off mentally to where I could look at the situation objectively and to where the trees wouldn't obscure my view of the forest. From that vantage point I was amazed to find how many assets I had overlooked, or at least had not fully appreciated. Chief among them were a wife who could take it all in stride and come back for more, a son who just managed to be a little better than the best, a group of loyal friends, and one intangible of which I had not been aware—a deep-seated desire to beat the mess I was in. It seemed about time that I took advantage of this backing and that I do something constructive.

Although I had never sold a thing in my life, I embarked upon a veritable orgy of selling—everything from magazines to Christmas Cards, not to omit fuel, insurance, candy . . . ad inf. It afforded a great deal of encouragement when I found I was making expenses. But this experience brought another discovery that does not lend itself to measurement in dollars and cents. I had had the idea that people would patronize me because I was a "poor polio", not because I was selling something they needed or wanted. Of course, there were a few like that; but they served only to toughen the skin a bit more. The majority treated me as they would any salesman—even to the extent of bawling me out for a fare-thee-well when I bungled an order. That helped more than anything else to rid me of the feeling of being "different."

Appearing In Public

Another hurdle, and a difficult one, was reluctance to attend public functions; such as, movies, parties and ball games. I found that the most successful way to get over this one was to "wear it down". And I am still in the process of "wearing it down"! There are times even now, when I recoil from the stare of a person who appears actually to be trying to read the serial number on my wheel chair. Although this uneasiness will probably never leave me completely, its effect is at least approaching zero.

Another source of awkwardness was found in the

studied care with which my closest friends, "who knew me when", would avoid topics of discussion and reference to or participation in forms of activity that they thought might hold upsetting memories for me. I was conscious of these efforts to be considerate; but I was equally conscious of the artificial atmosphere that was enveloping highly valued friendships. The solution was very simple. A few tactful remarks from me with an airy reference to the fix I was in were enough to put my friends at ease. A professed eagerness (that at times I did not feel) to watch while the others swam or played tennis eliminated this problem.

Although my hospital experience was far from encouraging, one thing which has nothing to do with physical recovery stands out in my mind. That is what Dr. Charles E. Irwin, Chief Surgeon at Warm Springs said one day: "You know and I know that you are faced with a difficult situation. There is one thing, however, that you will be well supplied with—Time! Why not use that time to become an expert, an authority in some specific field? Choose a field in which you have the best combination of education, training, experience, and aptitude". Dr. Irwin would probably not remember that, but it was the stimulus that was responsible for my becoming a C. P. A. five years later.

This letter seems to have become like the knitting grandma did. She started a hot pad for the tea pot; but the thing got out of hand and ended up being used for a horse blanket—and unsuitable for the purpose at that. If however you can find anything of use, I shall be very glad to have helped.

Sincerely yours,

GEORGE V. CARROLL

Beware of False 'Profits'

(Continued from Page 17)

cial statements of American enterprise.

Breakers Ahead

Industrial shares in the month of September registered their worst drop since May 1940, foreshadowing a general business decline in the not too distant future. Pessimistic though it may be, the leading American economists agree that business must suffer through a period of economic adjustment. Management and credit must be prepared to cope with adverse market conditions. While the price level has risen steadily and substantially in the past few years there is always the constant danger that this delightful businessmen's picnic may have to be folded up on account of rain.

It is still not too late to toll out the warning "Beware Ye of false profits." The extent to which fictitious gains are recognized may well spell the difference between the continuance or failure of the enterprise when market profits turn into market losses.

ALL ROADS LEAD TO NEW YORK
Have you sent in your reservation for the greatest convention of all time? Do it! Now!
GOLDEN JUBILEE CREDIT CONGRESS
May 11-15, 1947

The Credit Executives Library

by DR. CARL D. SMITH

Director of Education, National Association of Credit Men

The Credit Side of Selling by Edwin B. Moran, Manager, Central Division, National Association of Credit Men. Published by Dartnell Corporation, Chicago, 1947. 126 Pages.

The author has presented in this manual excellent workable suggestions for salesmen to help them make the most of their opportunities. He knows whereof he writes for he has the perspective of both the salesman and the credit manager, and he recognizes that altogether too many salesmen are too vaguely acquainted with the importance and the functions of credit in business transactions.

In the opening chapter the writer demonstrates his sales ability by effectively selling the importance of credit knowledge as an aid to the salesman. In terms the salesman can readily comprehend, the basic principles underlying credit are presented. Wholly aside from the credit angle, the salesman can obtain much valuable information from the chapter entitled "Getting a 'Line' on a New Customer" and the companion chapter on "Keeping Tab on Old Customers."

Salesmen who are inclined to pay little or no attention to the financial statement aspect of their customers' status will obtain a new concept of the meaning and importance of the financial statement as a total for use of the credit manager. Other important chapters deal with safeguards of credit and some of the legal problems with which the salesman should be familiar; an excellent treatise on the terms of sale; business wrecking hazards and some of the causes that lead to business failures. The manual concludes with pertinent advice on how the salesman may assist his customers on problems of buying and in establishing effective credit and collection controls for their business transactions with their customers.

Mr. Moran has made a worthwhile contribution to the literature of credit management and to salesmanagement. He bespeaks for credit managers the cooperation they desire from the sales force; and he gives to the sales manager and his staff a tool that can be of tremendous assistance in the pressing job they have before them in meeting the kind of competition that is inevitable in the days ahead. The book is not heavy reading and no sales manager need hesitate to suggest its use for fear it will not prove interesting and worthwhile.

Information Sources for Small Businesses by James C. Yocum. Published by Bureau of Business Research, Ohio State University, Columbus, 1946. Price .25.

This little volume is an excellent index of information sources for small businesses. It is strictly a reference manual for the executive who wishes to have readily available a guide to current reading materials and basic reference sources to which he can go for help on the solution of business problems or for the enlargement of his scope of business knowledge.

The manual is formed of two sections. Section one presents the aids in terms of the business function. Under the heading of "Beginning a Small Business" ex-

cellent references are available on such subjects as 'Personal Qualifications for Operating a Small Business,' 'Determining the Type of Organization,' 'Determining Location,' 'Capital Requirements,' and 'Securing Credit or Capital,' 'Planning the Store (or plant) Layout,' 'Hiring Employees,' 'Obtaining Supplies,' 'Analyzing the Market and Planning Record Keeping Systems.' The second sub-division emphasizes operating a small business with consideration given to all of the commonly accepted functions and practices which characterize any business enterprise.

Section two presents an excellent bibliography of source materials by kinds of businesses. The reader will find twenty pages of most interesting information covering retail and service activities and an equally interesting section on manufacturing and wholesale businesses.

The credit executive will find here valuable suggestions of source material he may be able to pass on to others within industry groups who may be groping for help in the solution of such problems.

Here Is Your Opportunity For ADVANCED Study

The Executives' School of Credit and Financial Management at the University of Wisconsin this summer is conducted primarily for the benefit of experienced credit managers, treasurers, sales managers and other top management executives.

Attendance at these sessions will give you an opportunity to discuss current problems on a managerial level with seasoned executives like yourself.

And the classroom and roundtable discussions are only a part of the advantages that the school offers. Subjects of vital, immediate import will be presented by a faculty of foremost professors and business men. Two weeks spent in close daily association with these men and eighty-nine other executives will prove a profitable and interesting experience.

This is a chance you should not miss. Registration is limited to ninety, so it is suggested that you write at once for a catalogue and an application form.

Address your communication to

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Executives' School of Credit and Financial
Management

One Park Avenue
New York 16, N. Y.

DISCRIMINATION IN WORLD TRADE

Priority Rights To "Local" Creditors Should Be Stopped

by **KURT H. NADELMANN**

Lecturer, School of Law, University of Pennsylvania



One of the oldest evils in international trade relations is the grant of priority rights to the local creditor in insolvency cases. In violation of the principle of creditor equality, the creditors are classified according to nationality, place of residence, place of contracting, place of payment, or some other device favoring the domestic creditor when it comes to the distribution of the local assets of an insolvent debtor. Contrary to a wide-spread belief, such practices have not completely disappeared.

A survey contributed by the writer to the Symposium "International Trade Barriers"¹ lists numerous instances of non-compliance with the principle of creditor-equality notably in Latin-American countries. For example, under the law of Mexico and of Brazil, the creditors of local branches have a priority right on the local assets in the case of bankruptcy. In Costa Rica and Nicaragua, the resident creditors are paid first when a debtor is declared bankrupt abroad. Also in Argentina, Paraguay, Peru, and Uruguay, the creditors "in the country" are paid first in all instances where a debtor is declared bankrupt at the same time within the country and abroad.

Morally Unjustifiable

For such priority rules, no justification exists in law or in morals. They are remnants of a defunct period of economic isolationism. The maintenance of these rules in the statute books constitutes a constant danger for the creditors from abroad. In a period of economic crisis, substantial losses may be suffered on account of such rules by exporters and investors who have granted open credit to clients in countries with such rules.

One of the purposes of the creation of the planned International Trade Organization is to combat discriminatory practices in international trade. The charter for the Organization contains, according to the preliminary draft which has been prepared, statements on basic principles of fair trade policy. Only countries accepting the principles will be permitted to join the Organization. The draft contains no statement on Creditor Equality. This, it is believed, is a serious weakness in draft. If anything, the principle of non-discrimination against creditors from abroad requires expression in the Charter. A Creditor Equality clause in the Charter would at one stroke secure equal treatment for all creditors in the courts of all participating nations.

¹ In *LAW & CONTEMPORARY PROBLEMS*, Vol. XI, No. 4, Summer-Autumn, 1946.

FCIB Presents Creditors' Case

The Foreign Credit Interchange Bureau of the National Association of Credit Men has availed itself of the opportunity of the Informal Hearings on the Proposed Charter for an International Trade Organization held under the auspices of the Executive Committee on Economic Foreign Policy, Department of State, to call attention to the question of discrimination against creditors from abroad and to urge the United States Government to propose inclusion of a Creditor Equality clause in the Charter for the International Trade Organization. At the Hearing in New York on February 28, 1947, Mr. C. A. Richards, Director Export Division, Interchemical Corporation, and member of the Administrative Committee of the Foreign Credit Interchange Bureau, made the following Statement on behalf of the Bureau:

THE STATEMENT

The Foreign Credit Interchange Bureau is the international division of the National Association of Credit

May 11th. Mark it on your calendar. Come to New York for the Golden Anniversary Credit Congress. Don't deny yourself such a golden opportunity. There is a spot reserved for you.

Men. It was organized in 1919 to serve the Foreign Credit needs of those of the twenty-six thousand members of the Association who are engaged in international trade, and it is on behalf of those members that it submits the following statement with regard to Discriminations Against Foreign Creditors as Trade Barriers. International trade is promoted by the sound extension of private credit. The sound extension of private credit is in turn promoted by laws and practices assuring the fair and equitable treatment of creditors of any country seeking to enforce their just claims against the residents of another country. Conversely, discrimination of any sort against foreign creditors and in favor of local creditors in any country tends to impede trade with the country where the discrimination obtains. If foreign creditors are aware that their prospects of collecting their claims are thus impaired, they withhold credit or extend it upon less favorable terms than they would otherwise offer. If they are unaware of such impaired prospects, the enforcement of rules discriminating against them evokes ill-will detrimental to the

progress of international trade. The prevailing and modern legal doctrine favors fair and equal treatment of all creditors in collection, insolvency, bankruptcy, reorganization and debtor relief proceedings, without regard to nationality or residence. In a small minority of countries some such proceedings are required by present law to be administered so as to discriminate against foreign creditors, at least in cases where there is also a foreign bankruptcy or insolvency administration. Fear of reciprocal discrimination in other countries is commonly assigned as a justification for such action, but the discriminations are applied without regard to the facts concerning the law or the practice of other states.

ITO Can Insist on Change

The projected International Trade Organization has a unique opportunity at one stroke to dissipate the basis for any such fear and to establish equal treatment for all creditors in the courts of the participating nations. In view of the relatively ample resources at the disposal of residents of the United States, there is no doubt that business men here will tend on balance to be creditors rather than debtors in relation to international trade. Thus, in addition to the policy in favor of promoting on general principles sound laws affecting credit, it is obvious that this country has a direct business interest in promoting the fair treatment of foreign creditors.

It is accordingly urged that the proper representatives of the United States be instructed to propose that the Charter of the International Trade Organization bind the subscribing nations to afford equal treatment to foreign and domestic creditors with reference to the collection of debts in general and in particular with reference to the laws and regulations obtaining in insolvency, bankruptcy, reorganization, or debtor relief proceedings.

Jacksonville: The regular monthly meeting of the Women's Division of the Jacksonville Association of Credit Men was held on February 20 at the Seminole Hotel.

Frank Norris, Vice-President of the Barnett National Bank was the speaker. His subject was Present Credit Conditions. He also spoke on women in credit.

QUESTION:

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OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

NACM NEWS

About Credit Leaders

Association Activities

Outstanding Speakers Scheduled To Address Industry Group Meetings

Plans Cater To All,
Says Group Meetings
Committee Chairman

by **FREDERICK W. ZANDER**

Assistant Treasurer
United States Plywood Corp.
New York

FN Every credit executive has a double purpose in attending the Golden Anniversary Credit Congress in New York City, May 11 to 15. Through the General Sessions of the Convention he proposes to inform himself on credit matters in general as they relate to all industries in all sections of the country. He proposes to acquaint himself with trends, changes and new developments in credit within his own industry through the Industry Meeting arranged for by his industry, on Wednesday, May 14. The Industry Meetings this year promise to outdo and outdraw all previous Industry Sessions.

Industry programs of thirty separate meetings include well-prepared presentations, with ample time for Open Forum Discussions on almost every aspect of credit administration. Emphasizing co-operation and coordination of effort for those who like a good, lively discussion, there is just enough of the controversial added to spice the entire program.

With changes taking place daily throughout all industries, which require new plans, new methods and new ideas, the Industry Meeting is designed primarily to permit the exchange of ideas and dissemination of information on these new problems and the proper method of meeting them. One new idea or method obtained as a result of your attending your Industry Meeting may pay many times over the time incurred by you.

Group Luncheons To Be Held

Almost without exception every industry is arranging for a luncheon Wednesday noon, May 14. In some instances, Chairmen have agreed to joint luncheons to make it possible for as many as can to hear an address of some outstanding speaker. Other industries are using luncheons as get-together sessions for the purpose of getting better acquainted and promoting good fellowship.

(Continued on Page 42)

Nominations Committee

1947 CREDIT CONGRESS

Robert L. Simpson, Chairman
Councillors' Choices

Leroy F. Sanford
First National Bank and Trust Co.
Bridgeport, Conn.
Williard H. Williams
Francis H. Leggett Co., Buffalo, N. Y.
Alternate—John B. Denton
Anso Corp., Binghamton, N. Y.
C. O. Greenlee
Purity Baking Co., Charleston, W. Va.
William T. McWade
Union Bank of Commerce, Cleveland, O.
C. W. Dittmar
Crane Co., Chicago, Ill.
G. E. Gilman
Colgate-Palmolive-Peet Co.
Kansas City, Mo.
Fred D. Burnham
Herman's Sausage Factory, Inc.
Tampa, Fla.
John D. Patterson
Marshall-Wells Co., Duluth, Minnesota
Rudy Swanson
Inter-State Radio & Supply Co.
Denver 2, Col.
L. E. Fishbeck
Coast Packing Co., Los Angeles, Cal.

Members at Large

Arnold H. Sandstrom
Wallace Barnes Company, Bristol, Conn.
L. D. Duncan
National Distillers Products Corp., N. Y.
William Stockton
Atlantic Refining Co., Philadelphia, Pa.
John L. Wrege
Louisville Tin & Stove Company
Louisville 1, Kentucky
Ray Shannon
Weyenberg Shoe Co., Milwaukee, Wis.
A. P. Brigham
Pet Milk Co., St. Louis, Mo.
T. J. Adams
Times-Picayune, New Orleans, La.
Edward P. Kautzky
Valley Bank and Trust Co.
Des Moines, Iowa
Robert Sommerville, Lewiston, Idaho
E. M. Shapiro
Calif. Packing Corp., San Francisco, Calif.

Great Names To Be Featured At Credit Congress Sessions

FN Lest there be any doubt, we hasten to assure all convention-goers that despite the time, money and effort that have been and are being devoted to their princely entertainment, just as much time, energy and enthusiasm have been devoted to procuring the best of all possible speakers for the business sessions.

As we go to press the list of acceptances is not quite complete.

Out of seven busy and famous men four have answered with a definite yes. They need no introduction and no advertisement. Each is a recognized authority in his field. Each has a full schedule of public appearances. Each would be sufficient attraction without the others to draw crowds anywhere. Does the name Fulton Lewis, Jr., strike a chord? If you have heard of Studebaker or the CED you have certainly heard of Paul Hoffman. If your legislators mean anything to you you will know Senator Cain of Washington. And our fifth definite speaker will be Bruce Thomas, famous correspondent and one of the witnesses of the Bikini atom explosion.

Senator Byrd of Virginia, whose work, in fact whose crusade, against needless Federal spending has been for so long a heartening part of the Federal scene, is almost certain to be able to come.

It's an impressive list. Everything about this convention is impressive. An outstanding list of speakers is also scheduled for the many and varied group meetings to be held on May 14.

New Yorkers Roll Out Red Carpet For Convention Guests

FN Elsewhere we show you in part what New York offers. But the convention-goer must remember that over three thousand of its citizens are going to see to it that their guests get more than the ordinary, casual visitor. The New York Credit Men's Association has every kind of committee you could think up, all formed for the one purpose of making you feel welcome, and giving you an unforgettable experience.

The entertainment they have planned is

really something! They have forgotten nothing. Broadway shows, lifted bodily from their native habitat, will be presented in Convention headquarters; dancing to "name" bands; that's *bands*, in the plural; fashion shows for the ladies; coupon books to admit you to points of interest; a luncheon for the ladies at which Fred Astaire instructors will put on a performance; and if you are lucky at this luncheon you will come away with a prize worth many times the registration fee.

There is still a paper shortage so we can't go into all the details. Suffice it to say that the New York Credit Men's Association has raised thousands of dollars for entertainment. They haven't had a visit of this kind from the National Association for over twenty years, and they are determined that this will be the sort of party that you sometimes imagine but never thought you would see.

There is so much entertainment planned that we almost forgot the business end of the Convention. This too will be outstanding. The speakers already lined up are first class. Those still to be heard from are first class, too.

Don't be alarmed by the hotel shortage. There is one, of course; it's no different in New York from your own town. However, there is NO doubt whatever that there will be good accommodations for you and yours. The New York hotels are pretty uniformly good, and the hotels chosen for our membership are as good as any in the town.

It's going to be a great occasion. Better be there!

New York: At the regular monthly meeting of the Paint & Allied Industries Credit Association, held on Tuesday evening, March 18, President Graham E. Rothweiler appointed the committees to serve for 1947. Mortin Smolin, of the National Chemical & Manufacturing Company was elected to the board of Directors to fill the vacancy occasioned by the elevation of Frederick Fromholz to Second Vice-President of the Association.

New Representatives Elected to Credit Interchange Board

St. Louis: Selection of representatives on the Credit Interchange Board of Governors to succeed those whose terms expire on April 30 has been completed, according to a bulletin issued by S. J. Haider, Secretary.

The following members will represent their respective divisions from May 1.

Eastern division—Robert P. Dean, Standard Oil Co., of New Jersey, New York. (Re-elected)

Central Division—John E. Ledbetter, Northrup, King & Company, Minneapolis.

Western Division—R. Wm. Peterson, Puget Sound Power & Light Company, Seattle. (Re-elected)

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thousands



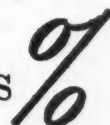
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Fugitive Bankrupt Pleads Guilty, Gets Prison Sentence

FN Frederick M. Stein, formerly a partner of the firm of Stein & Schocket, manufacturers of handbags at 29 W. 15th Street, New York, whose failure was a subject of investigation by the Fraud Prevention Department of the N. A. C. M., entered a plea of guilty during January of this year in the Federal Court of the Southern District of California at Los Angeles to an indictment which had been returned against him in the Federal Court of the Southern District of New York. The indictment charged concealment of assets in violation of the National Bankruptcy Act.

This plea by Stein was entered under the new ruling of the United States District Courts which permits a defendant, apprehended in a District other than that in which he had been indicted, to enter a plea of guilty there. Stein's case was the first one carried out under this procedure in a matter in which the Fraud Prevention Department was interested.

The Involuntary Petition in Bankruptcy was filed against the firm of Stein & Schocket during September of 1944; at that time liabilities were reported as being approximately \$18,000.00, with assets estimated at \$10,000.00. Schocket had withdrawn from the business several months before the failure.

Shortly before the time the Petition in Bankruptcy was filed Stein disappeared, and the Fraud Prevention Department was called upon by Mill Factors Corporation and the United Factors Corporation to make a complete investigation.

Upon completion of the investigation the facts gathered were submitted to the Federal authorities. The case was referred to Assistant United States Attorney F. H. Block and a representative of the F. B. I. As a result an indictment was returned against Stein during November of 1946, which alleged a concealment of the sum of \$1,377. from the New York Credit Men's Association, Trustee of the bankrupt estate, and an additional concealment of \$4,600.

The Fraud Prevention Department traced Stein to various cities throughout the United States, finally locating him at Los Angeles, where he was taken into custody.

On March 10, 1947, Judge William Mathes, of the United States District Court at Los Angeles, sentenced Frederick M. Stein to serve one year and one day imprisonment on the first count of the indictment. The sentence on the second count was suspended and Stein was placed on probation for five years, to start upon the expiration of his present term. The probation is conditioned upon Stein making restitution to the Trustee in Bankruptcy, or others who may be legally entitled to receive them, of the sum of \$5,977.00 together with any other amounts he may have concealed from creditors.

News of the Credit Women's Groups

FN The Credit Women's Groups are elated over the growth of their scholastic program throughout the country. At press time 31 groups were offering 50 scholarships, an increase of 19 scholarships in recent months.

Outstanding among the groups participating is Bridgeport. The idea of a scholarship fund was first bruited last November at a regular monthly meeting. In the short space of four months the fund has grown to over \$150 and the group is now sponsoring three scholarships.

Denver: The Denver Credit Women's Group held their March 17 meeting at the Blue Parrot Inn. The following new officers were elected: Lois Rymer, President; Helen Grey, Vice-President; Georgia Purdy, Secretary; and Winifred Reed, Treasurer.

The evening was devoted to Bingo, to raise funds to send three delegates to the National Credit Congress.

San Francisco: The Credit Women's Group of San Francisco was very fortunate in having as its guest speaker, at the regular dinner meeting on March 19, Mr. Mario Pinedo, Consul General of Bolivia. Mr. Pinedo spoke of the natural resources of his native country and its place in world trade today. He also presented slides picturing the beautiful mountains and lakes of Bolivia as well as the capital city, La Paz.

Mr. C. H. Whitworth of the Credit Managers' Association appealed to the members of the Credit Women's Group to cooperate in helping the local association to maintain its splendid record of membership gains.

Utica: The Utica Credit Women's Group met on March 20. The meeting was devoted to a discussion of collections and the election of delegates to the Credit Congress in New York. A nominating committee was appointed to submit a slate of officers for the coming year.

Los Angeles: Three LACMA actors rose to stardom in a stirring performance staged for the Credit Women's Club at our March meeting. The outstanding drama entitled "The Debtor's Dilemma" offered a proper vehicle to Bob Murchison to reveal his stellar qualities as the disgruntled merchant, while Elmo Trimble turned in a sparkling portrayal of the enthusiastic salesman. The inimitable A. D. Johnson, the Broadway favorite of many seasons, gave a soul-stirring performance as the sales-minded credit executive.

This was a highly entertaining and instructive two-act play and while it incited many laughs, it brought out the importance of the many advantages of the Adjustment Bureau of our Associa-

tion. Perhaps most of us were surprised to learn that the Adjustment Bureau's chief purpose is to help distressed debtors to solve their problems, to save a failing business from bankruptcy, and to rehabilitate debtors and businesses "when a feller needs a friend".

Philadelphia: The Philadelphia Credit Women's Club was treated to an evaluation of the outlook for business credit in 1947 on March 13 by A. L. Raffetto, Assistant Vice-President of the Philadelphia National Bank.

The meeting was most interesting and unusually well attended. The nominating committee presented its proposed slate of officers for 1947-48.

Milwaukee: The Wholesale Credit Women's Club of Milwaukee, at the March meeting, elected the following officers: Hilda Hennig, Socony-Vacuum Oil Co., President; Madge Hoffman, Marshall & Ilsley Bank, Vice-President; Helen Flood, Globe-Union, Inc., Treasurer and Mary Barberick, Geo. Ziegler Co., Secretary. Billy Sixty, Sports Editor of the Milwaukee Journal spoke on "Women in Sports."

Chicago: The annual meeting of the Credit Women's Club of Chicago was held March 11 at the St. Clair Hotel. The following new officers were installed: President—Mildred McCall, Walter H. Johnson Candy Co.; Vice President—Lanna Long, Hyland Electrical Supply Co.; Treasurer—Mae A. Turner, Confections, Inc.; Recording Secretary—Phyllis H. Staber, Leich Sales Corp.; Financial Secretary—Elsie R. Hirth, Thomson & Taylor Div. of Warfield Co; and Corresponding Secretary—Mabel C. Putnam, Clamp Nail Co.

Binghamton: Herbert F. Milligan, Assistant Vice-President of the Marine Midland Trust Company, addressed the Triple Cities Credit Women's Club on March 19. His subject was "Business Possibilities of the Triple Cities".

Mr. Milligan is an organizer of "New Industries for Binghamton, Inc." During the war he assisted industries to become established which added over five million dollars a year to the New York State payroll.

Cleveland: Fifty Members and guests attended the March 12th dinner meeting held at the Women's City Club. Ken Thomson, Executive Secretary of the Cleveland Association, addressed the members on the subject—"Dollars and Sense." Mr. Thomson brought out in a most unusual and interesting manner the various services and benefits derived from membership in the Association, both National and Local. The ten silver dollars used as a demonstration in his talk were later put into a drawing and Miss Clara Roth, of The E. F. Hauserman

Company, was the lucky winner.

The second speaker on the program, Mr. Henry C. White, a former Intelligence Officer on the staff of General Douglas MacArthur in Tokyo, gave the group a vivid picture of the conditions and life of the people of Japan in his talk "Japan, the Time, the Place and the People." A lively question period followed.

Boston: The annual meeting of the Credit Women's Club of Boston was held on March 13, with thirty-six members and guests present.

Catherine F. Lane, Credit Manager of the Hawkins Lumber & Warehouse Co., was elected President for the coming year; other officers elected were Reggia De Forge, Credit Manager, Schlitz Distributing Co., Vice-President; Ernestine Newell, Walker Stetson Co., Treasurer, and Marie T. O'Dea, Credit Manager, Boston Music Co., Secretary.

Camilo Rodriguez, Credit Manager of the Davol Rubber Co., Providence, and a past National Director of the NACM addressed the meeting on "Letter Writing."

San Diego: The 47th Credit Women's Group has been founded in San Diego, largely through the efforts of Bess Marshall, of Los Angeles, member of the Credit Women's Executive Committee. The first meeting of the new group was most enthusiastic, and there are hopes that the membership will rise to 75 by the end of the year.

The officers elected for the first year are Simone Coe, San Diego Daily Journal, President; Viola Pratt, Zellerbach Paper Co., Vice-President; Florabel Wilson, San Diego Credit Association, Secretary; and Myrna Bullen, McKesson Drug Co., Treasurer.

Toledo: A Panel discussion on labor legislation was presented at the February dinner meeting of The Toledo Credit Women's Club in the Toledo Woman's Club, 2920 Cherry St., Toledo, Ohio. There were one hundred and seven reservations for this meeting.

The topic for this panel discussion was "Proposed Revision of Federal Labor Legislation as it Affects Public Welfare." The speakers were Mr. O. E. M. Keller, President of Kasco Mills, Inc., and head of the Toledo Small Business Association, who spoke for Management, and Mr. Thomas Burke, Executive Secretary of the Toledo Industrial Union Council, who spoke for Labor. Mr. Gustavus Ohlinger, a member of the law firm of Ohlinger, Koles, Wolf and Flues, was the moderator.

The labor legislation now pending before Congress alternately was supported as necessary for the nation's welfare, and deplored as a union-wrecking move. Mr. O. E. M. Keller stated that record-breaking totals of man-days lost in strikes have shown the need for replacement of the Wagner Act with new laws which will make unions equally responsible with management for industrial harmony.

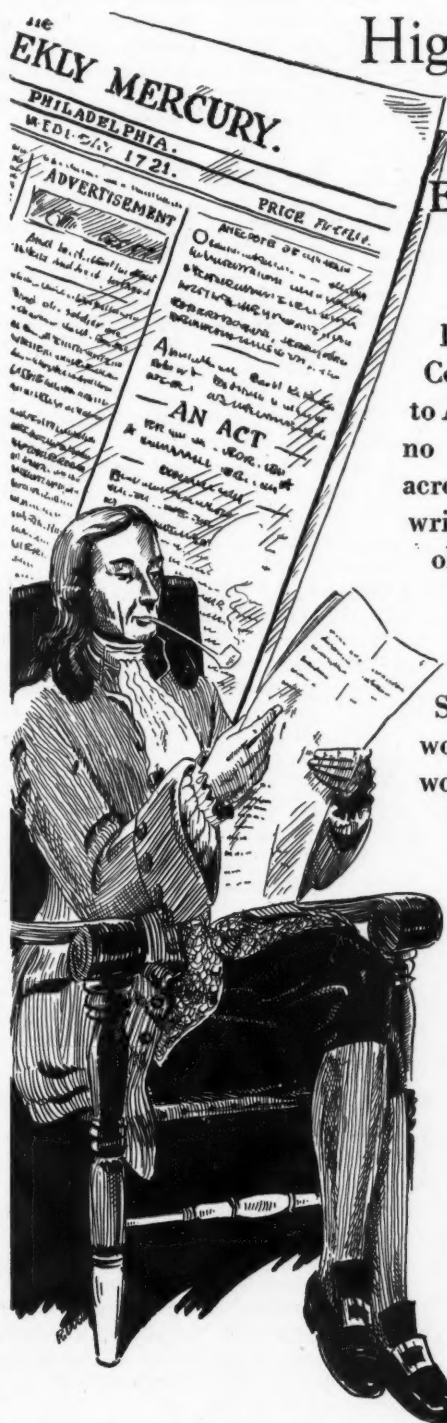
Mr. Thomas Burke replied, "The suggested legislation is punitive rather than

corrective, and will not lead to harmony between management and labor."

Chicago: The February meeting of the Chicago Credit Women's Club was sponsored by the Educational Committee of the Club. Mr. James Stang, Foote Bros. Gear Company, spoke on "Functions of the Adjustment Department of The Chicago Association of Credit Men," and two of our members gave short talks—Frances Sauer, Peerless Confection Co. discussed "Is the Credit Holiday Really Over?", and May Howell, University of Chicago Press, gave excellent suggestions for writing collection letters. The talks were followed by a movie.

Louisville: The Louisville Credit Women held a "Know Your Association" meeting on Thursday, February 20. Plans were discussed for the Credit Women's Conference which is to be held in Louisville on October 17th and 18th.

Cleveland: The members of the Cleveland Credit Women's Group featured a "Workshop Program" following their dinner meeting on Wednesday, February 12. The keynote talk "Viewing Today's Credit Problem" was delivered by Lucy Geib Killmer, following which Miss Kathryn Sirc gave an outline of the methods employed by her company in passing on credits.



Highlights

IN INSURANCE HISTORY

EARLY AMERICAN INSURANCE AD

In a newspaper ad in 1721, John Copson of Philadelphia suggested to American business men that they no longer send American money across the ocean to London underwriters for services which could be obtained over here. He was opening "an office of Publick Insurance on Vessels and Merchandizes" at his home in the High Street (now Market) where care would be taken that all underwriters would be "Persons of undoubted Worth and Reputation, and of considerable Interest in the City and Province."

"Hiding your light under a bushel" has never been a theory of the National Union and Birmingham Companies, who believe that honest advertising is equally important for attractive wares and attractive services.

**NATIONAL UNION
AND BIRMINGHAM**
FIRE INSURANCE COMPANIES

PITTSBURGH



PENNSYLVANIA

Nebraska Law Is Constitutional After All, Judge Decides

Omaha: As noted very briefly in last month's issue, The Nebraska Supreme Court upheld the constitutionality of the Nebraska Par-Clearance law in a decision handed down on March 7, 1947.

The law, enacted in 1945, required that all checks be cashed at par. Emil Placek, president of the Bank of Prague, instituted a suit which sought to show that the law was unconstitutional in that the act impaired the obligations of contracts, deprived "non-par" banks of property without due process of law, denied them equal protection of the laws, and amended without repealing or containing former statutes. This contention was upheld in district court and the Attorney-General was enjoined from enforcing the act.

This decision has now been reversed. The Supreme Court held that the act is "an entirely reasonable exercise of the police power of the State."

Eastern Division Secretaries Meet At Richmond, Va.

Richmond: The secretaries of the Eastern Division held a one day conference at the John Marshall Hotel, Richmond, Va. on March 19, 1947. The chairman of the meeting was J. Stanley Thomas, Secretary of the Credit Men's Association of Eastern Penna. and Vice Chairman of the Secretarial Council.

An address of welcome was delivered by J. C. Wilkie, President, Richmond Association of Credit Men.

The Agenda included open forum discussions on:

The Importance of Progressive Secretarial Leadership. The Division of the Secretary's time. The Part He Must Play in Molding a Successful policy.

Maintaining Executive and Office Efficiency.

The NACM Pension Plan for Employees of Local Associations.

New Member Campaigns. Preventing Resignations.

The Appointment and Efficient Functioning of Local Association Committees. Making Meetings Attractive and Getting Out the Best Attendance.

The Systematic Development of Credit Groups.

Diversification of Social Activities.

Publicity.

Preparing the Budget and Operating Within It.

The following secretaries played an important part in the debates:

Raymond Hough, New York

George J. Lochner, Baltimore

John H. Geiger, Wash., D. C.

Harry F. Boswell, Richmond

Ralph H. Smith, Charleston, W. Va.

The suggestion was offered that a fund be created in the Eastern Division

to be voluntarily furnished by local associations with substantial surpluses for the purpose of lending money to the associations in the district which required temporary accommodation. It was especially designed to enable the associations with part time secretaries to speed up their program to a point where they would be able to engage a full time manager. There was no action in any way taken regarding the matter, for it was realized a well devised plan would be required before it could be seriously considered. The local associations would contribute the money in the form of a trust fund to be returned to them under certain conditions.

The Conference was acclaimed a big success.

The delegates attended the monthly dinner meeting of the Richmond Assn. of Credit Men in the evening, which was addressed by National Director, Charles E. Fernald upon the subject, "Hidden Features in Balance Sheets".

Los Angeles Credit Men Elect Officers

Holden E. McManigal, Secretary, Summers Manufacturing Co., was elected president of the Los Angeles Credit Managers' Association at their annual meeting held at the Embassy Room of the Ambassador Hotel.

Other officers elected were: L. F. Fishbeck, Coast Packing Co., First Vice-President; F. A. Cates, Arden Farms, Inc., Second Vice-President and J. M. Dean, Standard Oil Co. of California, Treasurer and A. D. Johnson, re-elected Secretary.

Speaker for the evening was E. L. (Ed.) Ainsworth, feature editor of the Los Angeles Times. In his inimitable manner he traced the pattern of the growth of our state and the indications of the influence of this on our future growth. His subject "California—Past and Future" was timely in view of the approaching state wide centennial celebration. Entertainment was furnished by Maurice Zamm at the piano in "Bach to Boogie". An enthusiastic audience wore him out with encores.

Foreign Traders Submit Statement to ITO on Discriminatory Laws

New York: The Foreign Credit Interchange Bureau, through C. A. Richards, Director, International Division, Interchemical Corporation, and a member of the Administrative Committee of the FCIB, submitted a statement at the informal hearings on the proposed charter for an international trade organization.

Pointing out that in certain countries there is discrimination against foreign creditors which is liable to impede trade with those countries, the statement urged the ITO to ensure that all its members afford equal treatment to all creditors, foreign or not, and particularly with reference to bankruptcy, etc.

(Text and comment on page 28)

District Two Spring Planning Meeting Is Held At Elmira, N. Y.

Elmira: At a meeting of the Councillors of District No. 2 held at Elmira, N. Y. on Saturday, March 29, the invitation of the Elmira Association to hold the Annual Tri State Conference at the Mark Twain Hotel on October 16, 17, and 18 was unanimously accepted. The Elmira Association, known as the New York-Pennsylvania Credit Association, has been increasing its membership during the past year among the industries in the immediate area surrounding Elmira and is also contemplating a further expansion. The visit of the Tri State Conference to Elmira this fall will, it is hoped, serve as a boost to the Elmira Association in its expansion effort.

Willard H. Williams, of the Francis H. Leggett Co., Buffalo, N. Y., was named Councillors' choice for member of the National Nominations Committee from District No. 2. John B. Denton, of Anso, Binghamton, New York, was named as Alternate to Mr. Williams.

Irwin H. Raunick, Fairmont Creamery Co., Buffalo, New York, outlined the activities of the Central Legislative Committee and Mortimer J. Davis, Assistant Secretary of the New York Credit Men's Association, gave a complete report on state legislative matters.

The Councillors voted suitable resolutions expressing their regrets over the death of William Walker Orr, a former Secretary of the New York Credit Men's Association. National Director Harry Delaney was named the chairman of a committee to prepare resolutions to be presented at the fall meeting of the Tri State Organization.

Several compliments also were presented to Mr. Raymond Hough, who, it was announced, would retire on June 1 as Secretary-Manager of the New York Credit Men's Association.

Waterbury: H. W. Baer was elected to the presidency of the Waterbury Companies, Inc., last month. He was previously Credit Manager. Mr. Baer is a Past President of the Waterbury Association of Credit Men and a member of its Board of Directors.

Worcester Hears Talk on Analysis of Statements

Worcester: The Worcester County Credit Men and the Worcester chapter of the National Association of Cost Accountants joined on March 10 to hear a talk by Clinton W. Bennett, CPA, on "Analyzing and Interpreting Financial Statements."

Mr. Bennett is President of the Massachusetts Society of Certified Public Accountants and is affiliated and holds office in many other professional societies.

Quick Quiz for Credit Executives

1. Do You Allow Cash Discounts?

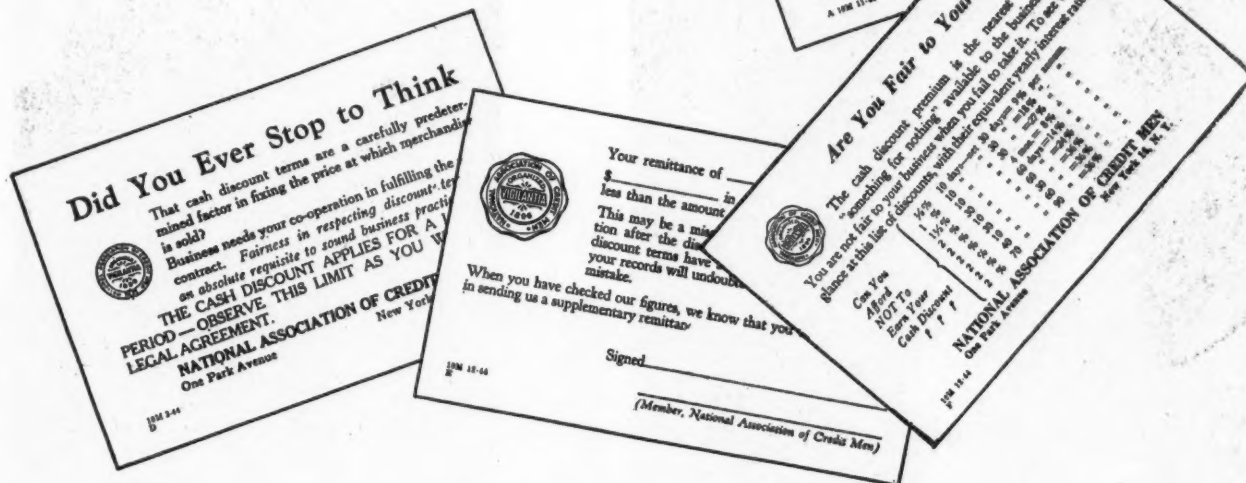
2. If the answer is "Yes," what do you do about the customer who takes them without earning them?

The National Association of Credit Men has published a series of foreful letter enclosures which drive home to your customer the need of earning all the discounts he takes. The Seal of the Association is imprinted on all of them. It shows your customer that not only you but thousands like you are of one determined mind, that you mean business.

The cost of the enclosures is nominal:

500	\$1.75
1000	\$3.00
100 of Each of 10 Styles for \$3.00	

(Actual Size—3 1/4" x 5 1/4")



Publications Department

NATIONAL ASSOCIATION OF CREDIT MEN

One Park Avenue

New York 16, N. Y.

WHILE YOU ARE AT IT—Why not send for samples of NACM Financial Statement Forms?

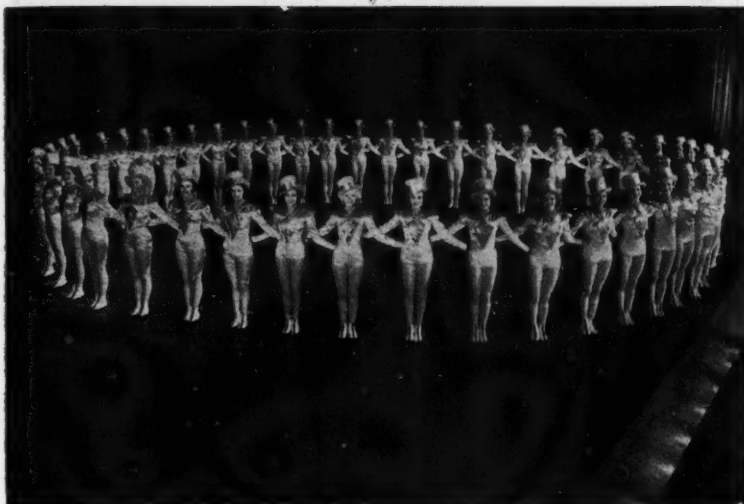
On to New York City!



Rockefeller Center (Below) is beyond belief. It occupies several city blocks; it has a complete shopping district on two floors; it houses the world's largest movie house; and it is the home of NBC. If you really wanted to see all that goes on there you would have to devote a full day to it.



Almost opposite Rockefeller Center on Fifth Avenue is the Cathedral Church of St. Patrick, the spiritual mecca of New York's Catholics. St. Patrick's is but one of the many beautiful ecclesiastical edifices on midtown Fifth Avenue. (All pictures courtesy of the New York Convention & Visitors Bureau.)



There's Everything You Can Imagine In New York City

NEW Ask a New Yorker, "What's new in 'The Big Town'?" and you'll find that there isn't time to tell it all—not in one session. There are always more new things in the city O'Henry called "Bagdad-on-the-Subway" than any guide, or two guides, can recall offhand.

In visiting most cities, the traveler, who has never been there before, inquires rather casually, "What are the points of interest?" New York City is in itself a liberal education, a trip around the world, a World's Fair 365 days of the year, a fascinating, friendly home for all friendly peoples.

The city the New World built is a new world. The upward soaring aspirations of a liberty-loving people, as they have been expressed in home and workroom, have made New York the magnificent city.

New York City is the country's capital for all capital things to do and see.

If a slogan were to be written for New York City, it could well be this—"the city where there's truly enough of everything."

Within the confines of Manhattan are all known nationalities, each with its own array of tempting restaurants, many with special amusements to charm the visitor. After dark New

York City is a veritable Arabian nights entertainment where the romance-hungry may dine, dance and dream high above the city in some skytop restaurant or mount a stool in a sub-cavern seafood bar, or . . . and so on ad infinitum.

There are priceless galleries filled with art treasures, high vaulted churches whose cool naves soothe the wayfarer and give him strength and contentment, endless miles of fascinating shops whose wares constitute the daily offering of an always new, ever present World's Fair. Here are points of historical interest without number that set up a flutter in American hearts, a glamorous waterfront into which sleek ocean carriers bring their groups of international commuters and the shy amateurs of travel.

Whatever it is New York City has it, whether it's a medical center that challenges your interest or a graveyard for Revolutionary heroes, a grand canyon



Top left: One of Radio City Music Hall's attractions is the Rockettes. These young ladies are all the same height and are a miracle of precision. They have danced at World's Fairs in both New York and Paris. Center: New York's shopping district starts at Fifth Avenue and 34th Street and extends north to 60th. This is a view of Fifth Avenue from 34th St. Altman's is in the right foreground. Bottom left: This is Wall Street, where the banks come from. The old, narrow streets of downtown New York should not be missed. The contrast of the old, winding, almost European lanes and the huge buildings on either side of them is unbelievable.



And this is where the business will be conducted. This is the "Pennzone." The buildings marked are: (A) the Pennsylvania Hotel; (B) the New Yorker Hotel; (C) the Governor Clinton Hotel and (D) Pennsylvania Station. The street running through the center foreground is Eighth Avenue. You can see the Pennsylvania Railroad tracks on the left as they emerge from the station. The building just behind the Pennsylvania Hotel is Macy's.

for the capitalists and their legion, the most perfect of all crews of high-kicking choristers or a flower show of breathless beauty.

Here is a world center in education, an aggregation of great universities and colleges whose degree holders are in every civilized hamlet, and some less civilized. Or here . . . but you name it, New York City has it.

To list all points of interest in New York City and to describe them would take more space than possible here to devote to the subject. However, for those who demand it here is a list, necessarily restricted, but complete enough to give some idea of what can be found, and where, in the most interesting spot on the face of the globe, and that the twenty square miles of Manhattan:

LOWER NEW YORK

Bowery—from Chatham Square north to East Fourth Street.

Bowling Green—The oldest city park. At the foot of Broadway.

Brooklyn Bridge—Connecting City Hall Park and Brooklyn. The first bridge

between Manhattan and Brooklyn. Opened 1883. Cost \$21,000,000.

Chinatown—Mott, Pell and Doyer Streets. The Oriental quarter of New York.

City Hall—City Hall Park. Between Chambers and Barclay Streets.

Curb Market—78 Trinity Place, Exchange for securities not listed in the regular Stock Exchange.

Custom House—At foot of Broadway.

Ellis Island—Near Statue of Liberty.

Fraunces Tavern—Broad and Pearl Streets. Contains Museum. Built in 1719. Where General Washington bade farewell to his officers, December 4, 1783.

Holland Tunnel—Hudson St., Manhattan, to 14th St., Jersey City.

Manhattan Bridge—Connects Canal St., with Flatbush Ave., Brooklyn. Completed 1909. Cost \$24,000,000.

Municipal Building—Park Row, facing City Hall Park.

Old John St. Church—14 John St., First built 1769. Contains many relics of early Methodism including clock from John Wesley.

Police Headquarters—Broome, Grand and

Center Streets. Main entrance 240 Center St. Museum and Rogues Gallery.

Seamen's Church Institute of New York—25 South St. Largest shore home in the world for merchant seamen. Visitors welcome 9 to 5 daily. Many maritime relics. Original marine paintings. Joseph Conrad Memorial Library. A unique view of New York Harbor from its Titanic Memorial Tower.

St. Paul's Chapel—Broadway between Fulton and Vesey Sts. Oldest American Church now standing. Built 1754-56. The pews of George Washington and Governor Clinton are marked here. **Statue of Liberty**—Bedloe's Island. Boats leave the Battery every hour on the hour. Fare, 35 cents.

Singer Building—Liberty St. and Broadway. 41 stories. One of the first skyscrapers built without wood.

Stock Exchange—8-18 Broad Street. Visitors' Balcony open 10 A.M. to 3 P.M.

Governor's Island—Reached by ferry at the Battery. Passes upon application to the sergeant in charge. Manhattan side. Governor's Island ferry.

MIDTOWN NEW YORK

Bellevue Hospital—First Ave. and 26th St. The largest hospital in New York City.

Carnegie Hall—Seventh Ave. and 57th St. Musical events take place here.

Chrysler Building—Lexington Ave. & 42nd St. 77 floors. 1046 ft. high.

Church of the Ascension (Episcopal)—Fifth Ave. and Tenth St. The large mural painting of the Ascension is by John La Farge.

Cooper Union—Cooper Square, Third and Fourth Avenues at Eighth St. The Art School is one of the oldest in the city.

Empire State Building—Fifth Ave. and 34th St. The tallest structure in the world. 102 stories; 1248 ft. high. Observation terraces on 86th and 102nd floors. Open 8 A.M. to 1 A.M. daily. Admission \$1.00.

Grace Church—Broadway and Tenth St. The stone urn in the garden was excavated in Rome. Belongs to the age of Nero.

Grand Central Terminal—Park Ave. and 42nd St. Largest and most costly terminal in the world. 79 acres over all. Art schools and gallery on upper floors.

Greenwich Village—West of Washington Square and north to 14th Street.

Metropolitan Opera House—Broadway, 39th to 40th Streets.

Pennsylvania Station—Seventh Ave. to Eighth Ave., 31st to 33rd Streets.

Public Library—Fifth Ave., 40th to 42nd Sts. Architecturally one of the city's noblest buildings. Second in size to Congressional Library in Washington.

Post Office (Central)—Eighth Ave., 31st to 33rd Streets.

Rockefeller Center—48th to 51st Streets, between Fifth and Sixth Avenues. World's greatest private undertaking. The tall RCA Building has the largest floor area of any existing skyscraper. In the north block is The Radio City Music Hall, the world's largest theatre, seating 6100.

St. Patrick's Cathedral—Fifth Ave. between 50th and 51st Sts. Completed in 1879.

Temple Emanu-El—Fifth Ave. and 65th Street.

Washington Square—Foot of Fifth Ave. The site of Washington Arch designed by Stanford White, erected 1883. On east of the Square is Washington Square College of New York University. On the south are Judson Memorial Church and Health Center.

Roosevelt House—28 East 20th Street. The birthplace of Theodore Roosevelt.

UPPER NEW YORK

American Numismatic Society—Broadway, 155th and 156th Sts. Museum open 2 P.M. to 5 P.M. daily except Monday.

American Museum of Natural History—77th St., Columbus Avenue. Open weekdays 10 A.M. to 5 P.M., Sundays and holidays, 1 P.M. to 5 P.M.

Bronx Park and Zoological Gardens—East 180th St. and Boston Post Road. Contains 719 acres. Open daily 10 A.M. to dusk.

Cathedral of St. John the Divine—Amsterdam Ave. and 112th St. Open to

visitors from 7:30 A.M. to 6 P.M.

Central Park—59th to 110th Sts., Fifth Ave. to Eighth Ave. 832 acres. 2½ miles long. ½ mile wide. The zoo for animals, birds and reptiles is on the southeast corner at 64th St.

Columbus Circle—Intersection of Broadway and Eighth Avenue at 59th St. The Maine and the Columbus monuments located here.

College of the City of New York—139th St. and Amsterdam Avenue.

Columbia University—Broadway, 116th to 120th Sts. 28 acres of grounds.

Fordham University—Park Ave. at Fordham Road, Bronx.

George Washington Bridge—Crosses the Hudson to Fort Lee, N. J., at 179th St. 4700 ft. long. Distance between towers is 3300 ft. Completed 1931. Cost \$60,000,000.

Grant's Tomb—Riverside Drive and 123rd St. Open 10 A.M. to 5 P.M. daily.

Hayden Planetarium—81st St. and Central Park West, where the Drama of the Heavens is unfolded on an artificial sky. 6 showings daily.

The Hispanic Society of America—Broadway at 156th St. Spanish Art. Daily 10 A.M. to 5 P.M. Admission free. Sundays 1 to 5 P.M. Closed Thanksgiving and Christmas.

Madison Square Garden—50th St. and 8th Avenue.

Jumel Mansion—Edgecombe Avenue at 160th St. Built about 1766. Entire Colonial rooms are preserved intact.

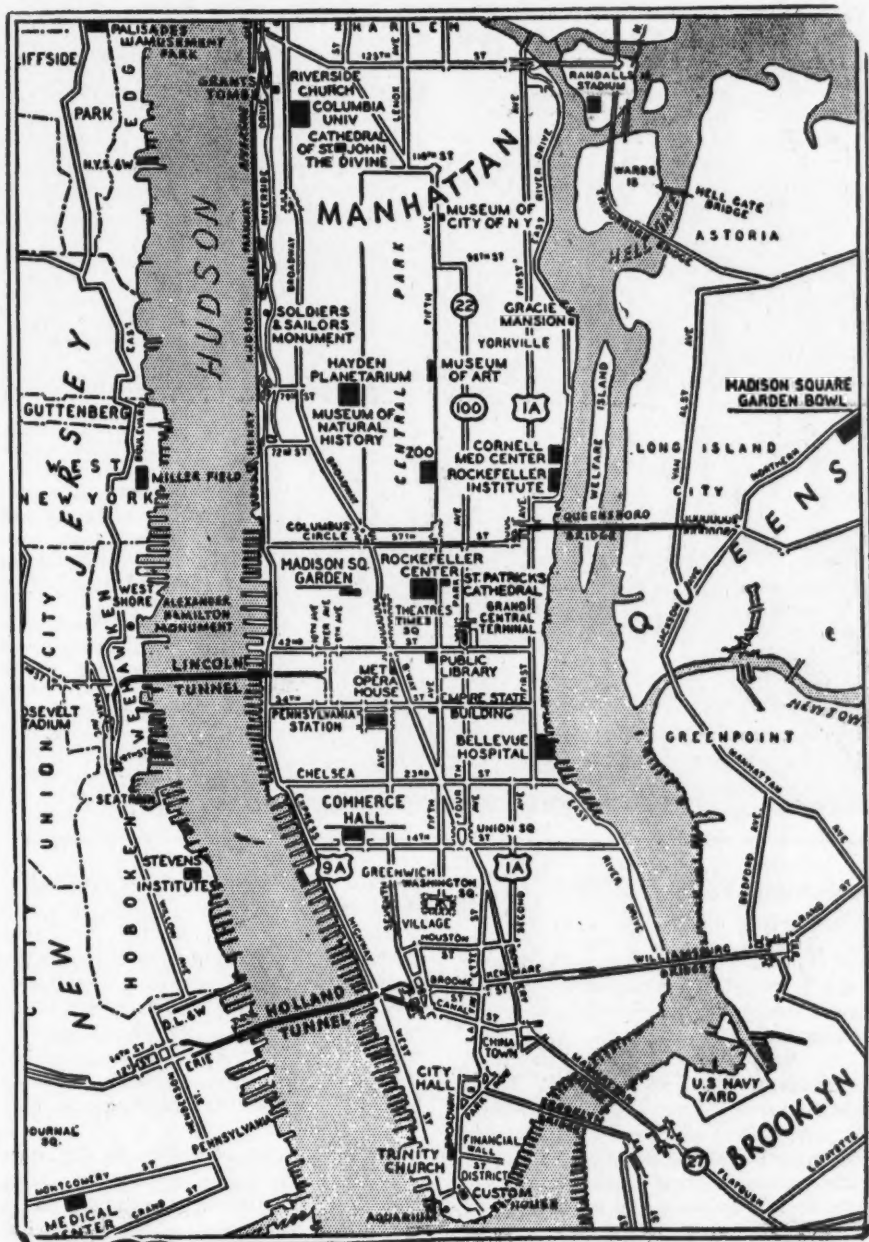
Medical Center—Broadway, Riverside Drive and 168th St.

Metropolitan Museum of Art—Fifth Ave. between 80th and 84th Sts. Finest and largest Art Museum in America.

Morgan Library—33 E. 36th St.

Museum of the City of New York—103rd St. and Fifth Ave. Open 10-5 weekdays, 1-4 Sundays. Monday, admission day,

This will give you some idea how to get about in New York. The map very kindly shows Seventh Avenue, on which is the Pennsylvania Hotel, and the more famous buildings. They even have Bellevue Hospital marked, in case all does not go well with you during your stay.



25c; free all other days.

New York Historical Society—170 Central Park West; founded 1804. Open 10 A.M. to 4 P.M. daily except Christmas, New Year's, Thanksgiving and July 4th; other holidays 1-5 P.M.

Poe Cottage—Kingsbridge Road and Grand Concourse.

Riverside Drive—Extends along the edge of the Hudson from 72nd to Dyckman Sts., nearly 7 miles.

The Riverside Church—Riverside Drive, 122nd St. The tower houses the Laura Spelman Rockefeller Memorial Carillon of 72 bells and is open daily 1-5 P.M. except Sunday.

Van Cortlandt Mansion and Park—242nd St. and Broadway.

Chamber of Commerce, State of New York—65 Liberty St., N. Y. C.

Van Cortlandt Mansion—Van Cortlandt Park. Now a museum. Built in 1748 by Frederick Van Cortlandt. Contains furniture of the Colonial Period. Open to the public.

Polo Grounds—Home of the New York Giants, 155th St. and Eighth Ave. Seating capacity 45,000.

Yankee Stadium—Home of the New York American League Baseball Team. 161st St. and River Ave. Seating capacity 60,000.

New York University—University Ave. and 181st St. Its campus is dominated by the Colonnade of the Hall of Fame for Great Americans. Numerous colleges throughout the city.



This is Central Park South, seen from the park itself. Central Park in May is very beautiful; the flowers are coming out, the polar bears in the zoo are going back in, the boats on the lake are moving again. What looks like half of New York eats its lunch there, the cop sheds his overcoat and some of truculence, and all is spring. Are you coming?

Salesman Tells Credit Colleagues' Ratings

St. Louis: "Come down and get your rating", said the announcement of the March forum meeting of the St. Louis Association of Credit Men.

There to hand out the ratings was Ross C. Shannon, Sales Manager, St. Louis district, Socony Vacuum Oil Co., and his talk was entitled, "The sales manager takes a gander at the credit manager."

Mr. Shannon proved his courage by agreeing to a question and answer period at the conclusion of his address.

Dallas Announces New President and Officers

Dallas: The Dallas Association of Credit Men, operating on a calendar year basis, has elected its officers for 1947. They are already at work, planning for the year.

The new President is J. I. Clemons, Texas Company. The other officers are M. I. Freedman, Roos-Freedman Co., 1st Vice-President; Tyler T. Harrison, Mosher Steel Co., 2nd Vice-President; F. C. Carter, Jr., First National Bank, Treasurer; and A. H. Murphree, Tex-lite, Inc., Councillor. Paul A. Kerin continue as Secretary-Manager.

H. C. Perry Addresses Philadelphia Forum

Philadelphia: The third of the series of dinner meetings of the Credit Men's Association of Eastern Pennsylvania, on March 19, was highlighted by a talk by H. C. Perry, Treasurer of the Heywood-Wakefield Co., of Gardner, Mass. His subject was "Management looks at its credit department."

Mr. Perry has spoken before many Credit Men's Associations, and gave an outstanding address at the first Summer School at Babson Park before the war.

Los Angeles: Los Angeles Credit Women's Club inaugurated a KNOW

Louisville: Alan Schneider, son of Sam Schneider, Secretary-Manager of the Louisville Credit Men's Association was placed second in the recent Kentucky bar examinations. In itself a fine achievement, Mr. Schneider's success is all the more admirable considering that he sat for the examinations a very short time after being released from five years' service.

done for us through our National Association.

Our own member, Florence Banks, gave a fifteen minute talk on Scholarship urging qualifying members to avail themselves of the opportunity being given at this time.

It is with profound sorrow that we report the passing of Miss Stella Smith on February 5th.

Stella was Credit Manager of Laher Spring and Tire Corporation and a long, loyal and active member of our Credit Women's Club.

Milwaukee: The Milwaukee Credit Women's Club held its regular monthly meeting on February 18 at the Miller Inn. Thirty-two members were present. The last few months have seen a strong membership movement in the group; besides adding eight new members of their own they have been instrumental in securing new members for the Milwaukee Association.

The annual election of officers will be held this month, with installation to follow in April.

MEMBERSHIP PROGRESS REPORT

May 1, 1946 to March 31, 1947
Comparison

	Net	Total	
	Gain	Mar. 31,	Percent
CLASS A			
San Francisco	158	1090	116.95
Los Angeles	153	1355	112.72
Louisville	111	1084	111.29
CLASS B			
Cincinnati	110	550	125.00
Kansas City	70	470	117.50
Milwaukee	46	346	115.33
CLASS C			
San Diego	79	291	137.26
Omaha	35	281	114.22
Dallas	31	252	114.02
CLASS D			
Houston	31	189	119.62
Lexington	27	179	117.76
Birmingham	29	202	116.76
CLASS E			
Honolulu	36	124	140.90
Terre Haute	18	64	139.13
Columbus	14	65	127.45
CLASS F			
Sioux Falls	13	39	150.00
Charlotte	17	52	148.57
Elmira	9	29	145.00

YOUR NATIONAL ASSOCIATION program in February.

National Director, Mr. N. S. Davis, Bohemian Distributing Company, was the guest speaker and gave us a most interesting resume of the National Association history, the duties of its officers and the value of each branch of the organization to us. A number of questions had been submitted prior to the meeting which he also answered.

A large attendance evidenced the interest of our members in hearing Mr. Davis and they left with full appreciation and a definite understanding of what is being

Evansville Board Fetes President on Promotion

Evansville: B. I. Martin, President of the Evansville Association of Credit Men, was recently transferred to Chicago to assume the post of assistant general credit manager of the Standard Oil Company of Indiana.

Just before he left, the board of trustees met and accepted his resignation and complimented him with a luncheon. He is succeeded at Evansville by O. J. Gillick, who has been assistant credit manager for seventeen years.

Credit Reporter Speaks At Hartford Meeting

Hartford: The regular monthly meeting of the Hartford Association of Credit Men, on March 19, was addressed by James A. Black, General Manager, Specialized Report Department, Dun & Bradstreet, Inc. His subject was "Mercantile Credit Reporting."

Mr. Black has been associated with Dun & Bradstreet and its affiliated agencies since 1923.

England's Crisis Told At Rochester Meeting

Rochester: "England's Crisis" was the subject of an address by Dr. Dexter Perkins, Chairman of the department of history at the University of Rochester at the March meeting of the Rochester Association of Credit Men.

Dr. Perkins occupied the chair of American history at Cambridge University during the 1945-46 academic year and was in a position to give first-hand news on the present significance of England's economic condition.

Ex-Spy Catcher Heads Bill at Detroit C. M. A.

Detroit: The March 27 dinner meeting of the Detroit Association of Credit Men featured a talk by Willis George, author of the book "Surreptitious Entry," which was reviewed in this publication in December.

Mr. George has had a checkered career as stock broker, football player, airplane salesman, treasury department operative in Cuba and under-cover man in Naval Intelligence. His talk covered the subject of his experiences during the war tracking down axis spies.

Unusual Forum Meeting At Triple Cities ACM

Binghamton: The Triple Cities Association of Credit Men held an interesting forum on February 26 which was somewhat different. Instead of discussing a salient question, the members were invited to bring their individual problems for discussion.

Frank C. Knapp was moderator. The panel consisted of a wholesaler, Carlton E. Kohnstam; a retailer, Lawrence A. Doyle, and a banker, William Paynter.

Chicago Tax Experts Urge Caution When Checking Statements

Chicago: Because of possible heavy losses due to the administration of federal income taxes, credit executives were urged to use every precaution in examining the financial statements and other information bearing upon their customers' accounts at the regular monthly meeting of the Chicago Association of Credit Men at the Sherman Hotel on February 12.

The meeting was attended by members of the Illinois Society of CPA's, who

Armour & Co.; R. J. Ulman, Tootle Dry Goods Co.; R. E. Edwards, Bemis Bros. Bag Co.; H. R. Burke, Eggers O'Flyng Co.

In addition to the forum the Standard Oil sound slide film "What would you day?" was shown.

Philadelphia: The February meeting of the Philadelphia Credit Women's Group featured a book review by Mrs. William M. Barriskill. The book chosen was *Deeper the Heritage* by Muriel Elwood, a story of the early days of Montreal and Quebec.



This needs no explanation. As you guessed it is the famous Empire State Building. A trip to the top is included in your FREE coupon book.

chose the three tax experts who spoke. They were D. T. Hutchinson of Murphy, Lanier and Quinn; R. J. Hughes of Peat, Marwick, Mitchell and Co.; and C. F. McCarthy of Arthur Andersen & Co.

Economist Discusses Inventory Pitfalls

Bridgeport: "Dangers that lurk in over-burdened inventories in balance sheets" was the title of the talk given at the February meeting of the Bridgeport Association of Credit Men by K. W. Tibbitts, of the National Credit Office, New York.

Mr. Tibbitts is an economist, experienced in analyzing balance sheets.

"Why an Association?" Discussed at Omaha

Omaha: The Omaha Association of Credit Men held a "Let's Get Acquainted" meeting on February 27 at the Chamber of Commerce.

Following a social hour and dinner, a forum, on the subject "Why an Association of Credit Men?" was presented with the following panel: Frank H. McCall, Fairmont Creamery Co. E. R. Morgan,

Los Angeles Sponsors Letter Writing Clinic

Los Angeles: The fourth in the series of educational forums sponsored by the Los Angeles Credit Managers' Association was held on February 24 and 25. This time Miss Aline E. Hower presided over her Letter Writing Clinic. This was not Miss Hower's first visit to the Los Angeles Association. She has conducted her clinic in many of the other Associations also.

Bridgeport: Last November Marian McSherry of the New York Group addressed the Bridgeport Credit Women on "Formal education among women engaged in credit work." At the conclusion of that meeting a scholarship fund was established, to which Miss McSherry, who is a member of the National Credit Women's Executive Committee, made the first donation.

The fund now has reached \$150, and three scholarships have been established, to be known as the Anna Mae Dean, the A. C. D. Bennett and Lillian Guth Scholarships. The first recipients will be decided after an examination to be held in the near future.

GROUPS

(Continued from Page 30)

The Chairman and members of each of these committees have given unstintingly of their time and energy to schedule programs that will be interesting and instructive. Under the leadership of the Chairman, every Industry Meeting Committee has arranged its program in as comprehensive a manner as possible and each has emphasized those subjects which are of particular interest to all in the industry. The speakers on the various Industry Meeting programs are outstanding men, well qualified by experience to discuss authoritatively the subjects assigned to them.

Meetings scheduled represent a cross-section of business so that almost every credit executive will be able to find a meeting holding absorbing interest for him. However, for those who do not fit into one of the thirty Industry Meetings scheduled, we are this year arranging a General Round Table discussion program, where many subjects of general interest will be discussed. Interesting speakers are being scheduled, but in the main a good part of the time will be taken up with open forum discussion in order to make it possible for all in attendance to take an active part in the program.

Following are the programs scheduled:

ADVERTISING MEDIA

Chairman Pierson and his Committee have decided to change their program somewhat this year from other years by reducing the number of formal talks and devoting all possible time to subjects of vital interest to the industry in an Open Forum fashion. Speakers assigned to definite subjects are individuals connected directly with advertising. These men will speak with authority and are backed with years of experience in the advertising field.

The welcoming address will be made by Charles Colton, Professor of Law, Rochester Institute of Technology, Rochester. Heard also will be addresses by Cranston Williams, General Manager of the American Newspaper Publishers Association and by Joseph W. Burg, Manager of Credits, American Newspaper Publishers Association. The subject of Mr. Burg's talk will be "Recognition of Advertising Agencies."

The industry will meet at luncheon at 12:30 P.M., at which time C. M. Carroll, Classified Advertising Manager of the New York Times, will talk on the subject, "Human Interest Stories of Classified Columns and Censorship Methods".

AUTOMOTIVE

"The Credit Outlook—This Year and Next" will be one of the subjects discussed at this Industry Meeting. This talk will be made by a leading economist from New York City. "Should We Have Better Regulation of the Trucking Industry?" will be the subject of a talk by

Al Spann, Credit Manager, McGregor's, Inc., Memphis. R. W. Knox, Credit Manager, Crow-Burlingame Co., Little Rock, will be discussion leader in presenting the subject "Increasing Credit Department Efficiency." "Credit and Sales Department Cooperation" will be discussed by A. M. Leiner, Lehr Distributors, Inc., New York City.

Dr. Carl D. Smith, formerly President, Babson Institute, Boston, at present Director of Education National Association of Credit Men, New York, will address the meeting on "The Business Outlook—Is It Favorable?"

The following subjects will be informally discussed in an Open Forum Session: "What Should Be in a Credit File—The Asking for Financial Statements"; "What Should Be Included in The Credit Application?"; "Quality of Agency Reports—How to Improve—What Suggestions to Make to Agencies"; "The Use and Need of Statements: (1) Collection Procedure, (2) Aid to Salesmen, (3) Record for Branch Houses" "Let's Talk about Collection Letters"; "How Can the Credit Department Be of Greater Assistance to Our Customers?"; "The Returned Goods Problem"; "Setting Credit Limits—How and Why, and How to Control after Being Set"; "Legislative Matters—Par Check Bills—Assignment of Accounts Receivable".

Luncheon is scheduled at 12:30 P.M., at which the speaker will be C. J. Wagner, General Counsel, Minneapolis Association of Credit Men, Minneapolis. His subject will be "Business Readjustments".

BANKERS

The meeting of the bankers is always an outstanding event of the Credit Congress. As this issue of *Credit and Financial Management* goes to press, their program is in a tentative stage, but Chairman Robert D. Scott advises that some extremely interesting subjects and entertainment are being scheduled, and that the program this year will equal the high standards set in the past. The complete program will be available in advance of the meeting.

BREWERS, DISTILLERS AND WHOLESALE LIQUOR

A program of great interest has been developed by Chairman Saylor for his industry. Speakers representing the brewers, distillers and wholesale liquor people will be on hand to give interesting talks and discuss subjects relating to the industry as a whole.

The following subjects have been scheduled: "The Future—What Can We Do in Our Industry to Prepare for It?"; speaker will be N. S. Davis, Bohemian Distributing Co., Los Angeles. "Process of Securing Legislation", by C. L. Weatherholt, Brown-Forman Distillers Corp., Louisville. Open Forum Discussions have been scheduled as follows: "Maintaining Good Will of Past and Future Customers"; discussion leader: Otto A. Wangerin, Griesedieck Bros. Brewery Co., St. Louis; "Taxes As They Affect Our Customers"; discussion leader: Ar-

thur Moench, Gooderham & Worts, Ltd., New York; "Are The Present Credit Policies of Our Industry Sound?"; Discussion Leader: M. A. Sheridan, Seagram Distillers Corp., New York.

Round Table Discussion of subjects of general interest to the industry are also on the program. Following each talk there will be discussion which will bring out many interesting points to those in attendance.

An Industry Luncheon is scheduled for 12:30 P.M.

BUILDING MATERIAL AND CONSTRUCTION

Chairman Goldberg promises to have one of the most interesting programs ever scheduled by his industry. This program will include formal talks on "Bond Protection and Collection Procedure", given by Charles Roth, Manager of the Contract Claim Department of the National Surety Corporation, New York City; "The Credit Outlook for 1947-1948 in the Building Industry" presented by Henry G. Barber, Executive Vice-President of the National Bronx Bank of New York; and "The Building Outlook for 1947-1948" by Lawrence C. Hart, Vice-President and General Sales Manager of the Johns-Manville Sales Corporation, New York City.

Three ten minute talks will be made by leading credit executives who will be present at the meeting, on the subject "Best Credit Information for Best Credit Judgment," followed by a discussion period which will bring out many interesting and informative points. There will be a Question and Discussion Period on other subjects relating to credits in the industry not covered by formal or informal discussion.

There will be an Industry Luncheon at 12:30 arranged primarily as a get-together and getting better acquainted session.

CEMENT

At this meeting there will be discussion of current industry problems, and world problems as they relate to the cement industry.

CHEMICAL AND DYE

The committee of this industry have wisely decided to segregate their meeting into two separate sections. The morning session will be devoted entirely to talks and discussion on matters confronting the industry domestically. The afternoon session will be turned over to speakers and open forum discussion on foreign credit problems.

The meeting will open with a talk "Tariff and Chemical Technology" K. H. Klipstein, Manager, New Products Division, American Cyanamid Co., New York, "Unusual Credit Problems" will be discussed by E. D. Oelerking, Manager, Regional Specialized Report Division, Dun & Bradstreet, Inc., New York. Dr. Willy Feuerlein, Treasury Division, E. I. du Pont de Nemours & Co., Wilmington, is scheduled to speak on "Dollar Availability in South American and European Markets". John H. Schwoon,

Assistant Secretary, Guaranty Trust Co., New York City, will talk on "Credit Hazards with Respect to Export Sales". There will be informal discussion following each of these talks.

R. Lynn Galloway, General Credit Manager, Eastman Kodak Co., Rochester, will address the Group Luncheon at 12:30 P.M.

CONFECTIONERY MANUFACTURERS

An extremely interesting program for this industry has been arranged by Chairman Mader. He has been successful in obtaining the services of men with years of experience in the confectionery manufacturing industry, as speakers on his program. The agenda will include such informative talks as follows:

"Credit and Sales Coordination" will be the subject of William H. Maichle, Assistant Vice-President in Charge of Public Relations, Beechnut Packing Co. Canajoharie. Walter A. McNeil, President, Schrafft Sales Corp., New York, will discuss "The Distributors' Viewpoint of Plentiful Supply." "Bank Credit and Current Business" will be the talk given by Dwight W. Michener, Associate Director of Research, Chase National Bank, New York. Sufficient time will be allowed after each of these talks for Open Forum Discussion.

The Afternoon Session will be devoted to Open Forum Meeting. The following credit executives will serve on a panel to lead discussion on subjects relating to credits, collections, systems and methods: Milton H. Brown, New England Confectionery Co., Cambridge, Mass.; R. T. Getty, Rockwood & Co., Brooklyn; L. Veghte, Beechnut Packing Co., Canajoharie; W. F. Pretzel, Bunte Bros., Chicago; W. F. Sherrill, Nutrine Candy, Chicago; K. H. Hauck, Life Savers Corp., Portchester.

The industry will meet with the Food Products and Allied Lines Manufacturing industry at a joint luncheon at 12:30, at which time they will hear Gene Flack, Director of Advertising and Trade Relations Counsel, Sunshine Biscuits, Inc., Long Island City, talk on the subject, "A Shot of Sunshine".

DRUGS, COSMETICS AND PHARMACEUTICALS

Under the able leadership of Chairman Silverstone and his Committee, the following topics will be presented covering many phases of credit problems and activities in the Drugs, Cosmetics and Pharmaceuticals Industry.

"Credit Outlook for 1947-1948" will be the subject of W. A. Linfield, Credit Manager, Pepsodent Division, Lever Bros. Co., Chicago. Francis J. McDermott, Vice-President, Julius Schmid, Inc., New York City, will discuss "Shall We Have More Sales-Minded Credit Men and More Credit-Minded Salesmen?". I. H. Bander, Vice-President, McKesson & Robbins, Inc., New York, will speak on a subject pertinent to the industry entitled "An Ounce of Prevention".

The Afternoon Session will be devoted entirely to Round Table Discussion. This

will permit all those in attendance the opportunity to express themselves and also to discuss subjects of importance to them.

The industry will meet at 12:30 for luncheon. Luncheon speaker will be Bernard Zerbe, managing editor of *The American Druggist*, New York. Subject: "Good sales mean good credits."

ELECTRICAL AND RADIO

Chairman Davis and Vice-Chairman Hall have been working closely together and have prepared a very interesting program for the meeting. The morning session has several interesting talks scheduled. For the afternoon session, the electrical and radio manufactures will meet separately from the wholesalers, jobbers and distributors, which will make it possible for each division to discuss problems which particularly confront it.

Subjects which will be discussed at the morning session are "Bankruptcy and Assignments" by Benjamin Siegel, a prominent New York attorney. Howard Almy, Assistant Treasurer of Collyer Insulated Wire Co., Pawtucket, will discuss "The Importance of Inventory in Evaluating Financial Statements". J. A. Spencer, Sales Manager of General Electric Credit Corp., New York City, will speak on "The Importance of Financing in Merchandising".

Formal talks are being prepared for the separate meetings in the afternoon. The two divisions will discuss many subjects of interest to the industry in open forum fashion, and it is expected that all in attendance will take an active part in these discussions.

At the industry luncheon, which is being scheduled for 12:30, the guest speaker will be Don G. Mitchell, President of Sylvania Electric Products, Inc., Salem, and his subject will be "Management Views The Credit Department". Mr. Mitchell is an outstanding speaker and has been in the electrical industry for a period of many years. His subject will be of vital interest to all those in attendance.

FINE PAPER

"Merchandising Credit" will be presented by David Hotchkiss, Petrequin Paper Co., Cleveland. Charles W. Hess, Seaman-Patrick Paper Co., Detroit, will talk on "The Credit Man and His Problems". "Lack of Firmness Is The Weakness of Credit" is the title of a talk to be made by L. E. Phelan, Secretary-Manager of the Detroit Association of Credit Men, Detroit. J. L. Kelly, Director of the Office of Small Business, Department of Commerce, Washington, will have as his subject "The Fine Paper Industry Today and Tomorrow".

This industry will meet jointly with the Paper Products and Converters Group for luncheon at 12:30 and also for their afternoon session.

FLOOR COVERINGS AND FURNITURE

Chairman Morr provides for formal presentation and discussion of important subjects relating to present-day problems

as influenced by trends in trade. Many timely subjects will be discussed at this meeting, such as "Credit Group Activities" by Irving Riegelhaupt, Secretary and Credit Manager of Crockett & Buss, Inc., New York City; "A Constructive Credit Department," presented by M. D. Thomason, Secretary-Treasurer, Perfection Mattress & Spring Co., Birmingham. Charles B. Freid, Assistant Secretary and General Credit Manager of Empire Carpet Corp., New York City, will discuss "Branch Credit Management"; and J. T. Smith, Secretary-Treasurer Rosenfeld Co., Atlanta, will talk on "Cooperation with Sales Department".

Considerable time is being allowed for discussion after each of the talks and also for regular periods of Open Forum Discussion. Some of the subjects which will be covered in Open Forum Discussion are "Collection Letters", "Credit Inquiries", "Credit Limits", "Handling Claims and Adjustments", "Insolvencies", "Cash Discount Violations", "Trade Conditions", and many others too numerous to mention here.

There will be an industry luncheon at 12:30 P.M.

FOOD PRODUCTS AND ALLIED LINES MANUFACTURING

"The Food Industry—Trends for 1947" will receive formal presentation by Paul Willis, President, Grocery Manufacturers of America, Inc., New York. Thomas R. Reid, Director of Human Relations, McCormick & Co., Inc., Baltimore, will use as his subject "Human Relations—Management's Number One Problem."

For the afternoon session there will be a panel discussion by outstanding members of the Food Manufacturing and Allied Lines Industry, at which time many problems and topics of vital interest to the industry will be discussed in open forum fashion.

One of the outstanding features of this program will be the industry luncheon which has been arranged for 12:30, at which time all in attendance will hear "Sunshine Gene" Flack, Director of Advertising and Trade Relations Counsel, Sunshine Biscuits, Inc., Long Island City, talk on "A Shot of Sunshine".

FOOD PRODUCTS AND CONFECTIONERY WHOLESALE

A very interesting program has been arranged by Chairman Killacky for his industry meeting. Following are some of the formal talks which will be made:

"Constructive Assistance to Our Customers" will be presented by Francis L. Whitmarsh, President of Francis H. Leggett & Co., New York City and President of the National American Wholesale Grocers' Association. A. L. Jones, General Credit Manager, Armour & Co., Chicago, will discuss "Increasing Credit Department Efficiency". "What Can The Hotel, Restaurant and Institutional Owner Look Forward To During 1947-Early 1948" is the title of a talk by Ernest Horwath, Horwath & Horwath (national hotel accountants), New York City. "Credit Controls—How, Why, Advantages" will be discussed by Clarence A.

Maguire, Assistant Secretary and General Credit Manager, Francis H. Leggett & Co., New York City. E. P. Hawk, Chief of the Foodstuffs, Fats and Oils Section of the Department of Commerce, Washington, will speak on "The Future—What Can Wholesalers in Our Industry Do to Prepare for It?"

There will be a question and answer period with general discussion during the morning session, at which time the following subjects will be discussed by those in attendance: "Finances", "Accounting", "Taxation", "Store Planning", "Merchandising", "Inventory Needs and Turnover", "Practical Suggestions".

During the afternoon session there will be a further open forum period. Discussion leaders will be I. H. Raunick, Fairmont Creamery Co., Buffalo, and Siegbert Salinger, Seeman Brothers, Inc., New York City. Subjects of interest to those in attendance will be given thorough discussion.

"The Romance of Credit, and Credit Association Possibilities" will be the subject of the luncheon speaker, T. B. Hendrick, Secretary, Collins-Dietz-Morris Co., Oklahoma City. Luncheon is being arranged for 12:30 P.M.

FOOTWEAR

"What's In View In The Shoe Business" will be the subject of a talk by Irving Glass, economist, Tanners Council of America, New York City. Wilson Newman, Vice-President, Dun & Bradstreet, New York City will discuss "Value of Credit Ratings and Part Agency Can Play to Assist Credit Men".

The following panel of experts in the footwear industry will lead the discussions on the subjects listed and others which will be brought up by delegates in attendance.

Panel discussion leaders:

W. B. Morrison, Stetson Shoe Co., South Weymouth, Mass.; Miss Beatrice Beste, Milins Shoe Co., St. Louis, Mo.; Frank Knapp, Endicott-Johnson Corp., Endicott, New York; Harold Bick, Commercial Factors, Inc., New York, N. Y.; Jacob M. Brandwein, M. J. Saks Shoe Corp., New York, N. Y.

Subjects for discussion:

"Discounts Versus Lower Prices", "Should salesmen be used as collectors?" "Should salesmen receive copies of collection letters—credit limits?"

The industry will meet jointly with the Wearing Apparel Group for luncheon at 12:30 P.M.

GENERAL ROUND TABLE DISCUSSION

Experience has proven that certain credit executives have felt that Industry Meetings which have been scheduled at previous Conventions did not entirely fit in with their industries. Therefore, this year it was decided to conduct an entirely separate session, known as the General Round Table Discussion Meeting, for those who feel they do not fit into other Industry Meetings scheduled.

Considerable time will be devoted to Open Forum Discussions which will make

it possible for everyone in attendance to take an active part in this meeting.

Formal presentation of subjects will be made as follows: Will A. Erwin, American Bankers' Association, New York, subject: "The Current Economic Situation."; Albert F. Chapin, Professor of Finance, New York University, will speak on "Cash Discounts." The writer will address the meeting on "Methods of Exchanging Credit Information."

HARDWARE MANUFACTURERS

"Cash Discounts—Yes or No" will be the subject of a talk by Oscar Iber of O. Iber and Co., Chicago. C. J. Heale, Vice President and Editor of *Hardware Age*, New York, will talk on the subject "What's Ahead For This Year and Next?" "Department of Commerce Services Available to The Hardware Manufacturers" will be the subject of discussion by Curtis E. Anderson, Chief of the Manufacturing and Service Section, Department of Commerce, Washington.

Frank E. Conant, Jr., Vice-President, Lawrence Warehouse Company, New York, will speak on "Inventory Control and Financing".

A panel of experts in the industry has been selected to lead the discussion on this subject and others. Discussion leaders:

E. Wm. Lane, American Screw Co., Providence, R. I.; Willard Becker, Norton Door Closer Company, Chicago, Ill.; F. O. Riebold, National Enameling and Stamping Company, Milwaukee, Wis., and H. J. Dunne, Black & Decker Company, Towson, Maryland.

The industry is joining in a luncheon with the Paint, Varnish, Lacquer and Wallpaper and the Wholesale Hardware industries, which will be followed by an address, "Some Problems of Credit Management," by Albert F. Chapin, Professor of Finance, New York University, School of Commerce, Accounts and Finance, New York.

HARDWARE WHOLESALERS

"What the Executive Management Expects of the Credit Department" will be an address made by E. R. Masback, Masback, Inc., New York City. "I'm Going Into The Hardware Business" will be one of several interesting talks made by leading credit executives in the Wholesale Hardware Industry. This formal presentation will be made by W. B. White of Smith Bros. Hardware Co., Columbus. "The Past Three Years in The Hardware Industry" will be the subject of a talk jointly by W. G. Wilhelm, Union Hardware & Metal Co., Los Angeles, and J. C. Leitenberger, E. J. McAleer & Co., Philadelphia. "The Hardware Business—Today and Tomorrow" will be presented by James L. Kelly, Director, Office of Small Business, Department of Commerce, Washington. "Sectional Group Meetings in The Hardware Industry" will be a matter brought up for discussion by G. C. Klippel, Van Camp Hardware & Iron Co., Indianapolis.

The industry will participate in a joint luncheon at 12:30 P. M. with the Paint, Varnish, Lacquer and Wallpaper and the

Hardware Manufacturers industries. The luncheon session will be addressed by Albert F. Chapin, Professor of Finance, New York University, School of Commerce, Accounts, and Finance. Professor Chapin's title will be "Some Problems of Credit Management."

INSURANCE

This meeting will open with a luncheon at 12:30 P. M. Luncheon speaker will be W. Winthrop Clement, Executive Secretary, Risk Research Institute, Inc., New York; the subject of his address, "The Relation of Insurance to Credit." Following this address, Mr. Clement will act as Discussion Leader. The general theme of the entire program will be the subject of Mr. Clement's talk.

A panel of insurance experts will talk for five minutes each on the subject already mentioned. Following these talks, the meeting will be thrown open to discussion, at which time any credit executives who have insurance problems either for their own companies or other protection of their accounts are urged to submit such problems for discussion at this meeting.

IRON AND STEEL

There will be an address on the subject of "Simplifying Credit Procedures to Effect Increased Efficiency and Economy in Managing A Credit Department" by W. V. Farr, American Steel & Wire Co., New York. K. W. Tibbetts, National Credit Office, New York City will discuss "The Aircraft Industry." A discussion period will follow each of these talks.

Sufficient time will be allowed to discuss other topics of interest to the industry.

MACHINERY AND SUPPLIES

The meeting will open with a talk by James I. Stang, Foote Bros. Gear & Machine Corp., Chicago, on the subject "Credit Trends." "Department of Commerce Services Available to The Machinery and Supplies Industry" will be the subject of a talk by Curtis E. Anderson, Chief of the Manufacturing and Industry Section, Department of Commerce, Washington, Dr. Carl D. Smith, Director of Education, National Association of Credit Men, New York, will talk on "The Business Outlook—Is It Favorable?"

Considerable time will be devoted to a panel discussion during the afternoon session. Many timely and interesting subjects will be brought up for discussion. E. T. Larson, W. D. Allen Manufacturing Co., Chicago, will serve as Moderator of the panel. The following are members of the panel: E. B. Gausby, Warner & Swasey Co., Cleveland; John Miller, Norton Co., Worcester; Roy A. Pear, The Pfaudler Co., Rochester. All are experts with years of experience as credit executives. They will lead the discussion and answer questions to the best of their ability as brought up by those in attendance.

A luncheon is scheduled by the industry at 12:30 P.M.

(Continued on page 46)



EL PASO
John P. March
Secretary-Treasurer
MOTOR SUPPLY COMPANY



SPOKANE
Robert G. Fulton
Office Manager
MOTOR SUPPLY CO.



GREEN BAY
F. M. Head
Assistant Treasurer
ALUMINUM GOODS MFG. CO., MANITOWOC



LINCOLN
W. J. Rice
Office & Credit Manager
NORDEN LABORATORIES

ASSOCIATION PRESIDENTS



We know a man who was (and is) a very fine educator, he was headmaster of one of the finest boarding schools in New England; he was a member of almost every committee on education you could name; his reputation in his profession is high; he is listed in *Who's Who*.

A few years ago he had a heart attack which forced him to lie fretfully in hospital for over a month. When he came out of the hospital his doctor told him that he must give up his educational responsibilities, must retire completely from all work that carried any responsibility.

So he retired to the country, to a place where he had spent his summers for many years and was well known. When his neighbors realised that he was there to stay they asked him to be chairman of the library committee; a little later he was asked to take on the chairmanship of the local hospital. Soon, although he had no real responsibility, he was working harder than in his school days. His active brain and his inclination for service would brook no idleness.

Of such stuff are Presidents made.



WATERLOO
Clarence W. Erickson
Credit Manager
POTTER ICE CREAM CO.



LANSING
Russell D. Herrick
Assistant Vice-President
MICHIGAN NATIONAL BANK



ROANOKE
Homer S. Peck
Cashier
COLONIAL AMERICAN NATIONAL BANK

GROUPS

(Continued from page 44)

MEAT PACKING

"Changing Ratios Change Risks" will be the topic of an address by Allen Selby, Credit Manager, Chicago Daily News, Chicago. A representative of a meat packing company sales department will speak on "Cooperation Between Credit and Sales." C. R. Harriman, Wilson & Co., New York, will discuss "Tax Liability on the Balance Sheet." R. A. Carrier, Agar Packing & Provision Co., Chicago, will talk on "Keep Yourself Informed."

There will be an Open Forum Discussion Period led by A. L. Jones, Assistant Treasurer and General Credit Manager, Armour & Co., Chicago. The following subjects will be discussed informally: "Do Cash Discounts Belong in the Packing Business?"; "Is Fast Dollar-Turnover Conducive to Increased Business?"; "How Many Accounts Can an Assistant Credit Man Consistently Handle?"; "Is It True Packing Credit Men Are Too Strict?"; "Why Should We Give Shelf-Order Customers 30 Days?"; "If the Retailer Goes in Again for Credit Business, Will He Expect the Packer to Carry Him?"

NON-FERROUS METALS, RAW MATERIALS and ALLIED LINES

Chairman Fuchs announces that this industry will meet jointly with the Iron and Steel Group for the morning session, but will conduct their own meeting in the afternoon and will invite the members of the Iron and Steel Group to join them in their afternoon session. Mr. Fuchs and the Committee are arranging a program which will cover subjects of interest to the industry. Considerable time will be allowed for open forum discussions. Speakers assigned to date are: Kenneth Davis, Chief, Industry Division, Department of Commerce, Washington, D. C. Subject: "Department of Commerce Services Available to the Industry." Dwight W. Michener, Research Division, Chase National Bank, New York, will talk on "Business Trends."

The industry will meet at luncheon at 12:30 P.M.

PAINT, VARNISH, LACQUER AND WALLPAPER

The program developed for this meeting is designed to interest all branches of the industry—manufacturing, wholesaling, and those selling paint contractors.

The meeting will be opened with an address by G. T. Thomas, Sherwin-Williams Co., Chicago, on "The Outlook for This Year and Next." Graham Rothweiler, Interchemical Corporation (Murphy Paint Division), Newark, will talk on "Tomorrow's Industrial Customers." "Dealers From Now On" will be the subject covered by Miss Karla Howe, Great Lakes Varnish Works, Inc., Chicago.

The Afternoon Session will be in the

form of an open discussion on the following topics: "Discounts and Terms"—Discussion Leader: M. B. Weinstock, M. J. Merkin Paint Co., Inc., New York; "Getting the Money and Keeping Them Happy"—Discussion Leader: O. S. Dibern, Paraffine Companies, Inc., San Francisco; "Assignments and Bankruptcies"—Discussion Leader: William Rohs, Colonial Works, Inc., New York City; "The Professional Credit Manager in the Paint Industry"—Discussion Leader: Adam Pahle, Devoe & Reynolds Co., New York City; "Taxes as They Affect Our Customers"—Discussion Leader: F. J. Hamerin, Lilly Varnish Co., Indianapolis.

There will be a joint luncheon with the Hardware Wholesalers and the Hardware Manufacturing Industries at 12:30, to hear an address by Albert F. Chapin, Professor of Finance, New York University, on the subject, "Some Problems of Credit Management."

PAPER PRODUCTS AND CONVERTERS

Chairman Johnson has prepared a splendid program for his industry. "Current Trends and the Business Outlook" will be the subject of an address by Dr. Charles F. Roos, President, The Econometric Institute, Inc., New York. Norman F. Greenway, Vice-President, Robert Gair & Co., Inc., New York, will talk on "The Outlook for Paperboard Products." Charles E. Fernald, Fernald & Co., Philadelphia, will discuss "Hidden Features in Balance Sheets."

There will be an open forum discussion on "Credit Department Systems and Procedure" during the morning session. F. C. Heath, Sealright Co., Inc., Fulton, will preside over the round table discussion at the afternoon session, at which time the following topics will be discussed. Discussion leaders selected are men with years of experience in the industry. "Is Cash Discount Obsolete and on the Way Out?"—Discussion Leader: V. S. Ames, Kimberly-Clark Corp., Neenah; "What Reliance Can We Place on Our Present Sources of Credit Information?"—Discussion Leader: C. R. Bradley, Robert Gair Co., Inc., New York; "What Does the Future Hold in the Way of Opportunities for Credit Management" and "What Qualities in a Credit Manager Pay Off?"—Discussion Leader: R. K. Stolz, American Box Board Co., Grand Rapids; "How Would You Measure the Unpredictable Factors in the Evaluation of a Credit Risk?"—Discussion Leader: V. C. Eggerding, Gaylord Container Corp., St. Louis; "What Are the Industry Conditions in Your Customer's Line of Business—An Important Credit Factor Today?"—Discussion Leader: R. O. Brosius, The Gardner-Richardson Co., Middletown; "Inventories Are Up! Collections Are Down! How Can We Best Meet the Present Trend and Avoid Frozen Receivables and Insolvencies in the Making?"—Discussion Leader: E. W. Below, Marathon Corp., Menasha.

There will be a joint luncheon with the Fine Paper Industry at 12:30 P.M.

PETROLEUM

"Those Who Know You Well" will be the subject of a talk given by A. V. Borque, Fred Eldean Organization, counsel for the American Petroleum Industries Public Relations Programs, New York. "The Credit Outlook This Year and Next—in the Petroleum Industry" will be the subject of L. W. Bernhard, Credit Co-ordinator of Standard Oil Co. of New Jersey. C. M. Mathewson, District Credit Manager, Cities Service Oil Co., Boston, will speak on "Credit Department Personnel Training." A. E. Fletcher, Standard Oil Co. of Ohio, will be discussion leader on the subject "TBA Merchandising—Budget Selling." "Aviation Problems of the Petroleum Industry" and "Credit-Sales Department Cooperation" will be the subjects given formal presentation. Speakers will be announced later.

Sufficient time will be allowed for open forum discussions on subjects not covered in the program. Here all in attendance may take part in the program by bringing up any and all problems confronting them, for experts in the petroleum industry to answer.

The industry will meet at luncheon at 12:30 P.M. The luncheon speaker will be James L. Kelly, Director, Office of Small Business, Department of Commerce, Washington. Subject: "The Petroleum Business—Today and Tomorrow."

PLUMBING, HEATING, REFRIGERATION AND AIR CONDITIONING

"Credit—Yesterday, Today, Tomorrow" will be a talk made by Robert L. Griffiths, Treasurer, International Heater Co., Utica. Clarence H. Rison, General Credit Manager, Grinnell Co., Inc., Providence, will speak on "Constructive Credit Department Assistance to Customers." Another subject will be "Discontinuance of Cash Discount—Yes or No"; the affirmative by E. C. Vorlander, Credit Manager, Minneapolis-Honeywell Regulator Co., Minneapolis, the negative by Sylvester Durden, General Credit Manager, Noland Co., Newport News. "Financing of Small Business by Banks" will be presented by Henry M. Richards, Consumer Credit Department, Chase National Bank, New York.

Ample time will be allowed for discussion following each talk. If time permits, there will be discussion on subjects not covered by talks, which will afford everyone in attendance an opportunity to take part in the program.

An industry luncheon is planned at 12:00 noon in order that all in the industry might become better acquainted and get to know each other personally.

PUBLIC UTILITIES

This meeting will be in session Monday afternoon, May 12, for assembly and registration, and also to hear a welcoming address by Robert B. Grove, Vice-President, Consolidated Edison Company of New York, Inc. The meeting will reconvene on Wednesday, May 14.

Much thought and study have been devoted in preparation of an interesting and outstanding program. Formal subjects will include "What Management Expects From the Credit and Collection Department," by E. D. Bivens, Treasurer, Columbia Engineering Corp., New York; "Reducing Credit and Collection Department Expense in View of Increased Labor Costs," by J. C. Faris, Manager Customer Business Department, Union Electric Company of Missouri, St. Louis; "Sales Planning and Credit Department Cooperation"—H. M. Sawyer, Vice-President, American Gas & Electric Service Corp., New York.

"Current Day Problems" will be discussed in Open Forum fashion and will give all those in attendance an opportunity to take part in the program. Discussion Leader will be A. W. Fyfe, Consolidated Edison Company of New York, Inc.

An industry luncheon is scheduled at 12:15 P.M., followed by an address on "Business Prospects—1947 and 1948," by Lewis Schellbach, Economist, Standard & Poors Corporation, New York City.

TEXTILE

"Merchandising Trends" will be the subject of an address by Andrew J. Sokol, Vice-President, J. P. Stevens & Co., New York City. "Practical Law as an Adjunct to Business" will be presented by Sylvan Gotshal of the law firm of Weil, Gotshal & Manges, New York.

Informal discussions will follow each of these talks. If time permits, other subjects of vital interest to the industry will receive attention and be discussed in open forum fashion at the meeting.

WEARING APPAREL

Frank Lee, Jr., of the Frank H. Lee Hat Co., Danbury, will open the meeting of this industry with an address on "Credit and Sales Coordination." Morton Goodspeed, William Iselin & Co., Inc., New York City, will discuss "The Modern Factor and His Contribution to American Business." "The Retail Credit Outlook for 1947 and 1948" is the subject of a talk to be presented by Colonel R. E. Landue, President, John David, Inc., and Fifth Avenue Association, New York City. Wm. Hussey, Levy Bros. Adler Company, Rochester, will discuss "The Use and Abuse of Credit Discount."

There will be ample time reserved for subjects to be discussed in open forum fashion. It is expected that those in attendance will want to take an active part in this section of the program. Because the meeting will be well filled with experts who have been connected with this industry for years, the suggestion is made to have as many problems as possible brought up for discussion pertaining to credit.

This industry will meet jointly with the Footwear Group for luncheon at 12:30 P.M.

**GOLDEN ANNIVERSARY
CREDIT CONGRESS
MAY 11 TO 15**

Are You a Lady Who Plans To Come to the Golden Jubilee?



If so, you should have been at the meeting of the New York Credit Men's Association Hostess Committee on March 31st. These are the ladies who have contracted to give their time and effort throughout the National Convention to the well-being and enjoyment of the visiting ladies—and gentlemen. They plan to be on deck the entire time, and the plans they have made are, to say the least, fit for the reception of a prince(ss).

At 3:30 on Sunday afternoon, May 11, comes their first entertainment, a reception and tea for the visiting ladies. They decided to invite the men, too, for there is nothing a lady hates more than to imagine visiting gentlemen, pounding the pavements of New York, wondering what to do with himself while his wife is attending a party. After dinner, they have arranged a rather more formal (though not in dress) reception at which visitors may have a good chance to make and renew acquaintances.

Throughout the business sessions the ladies will have a booth in the House of

Friendship in the Pennsylvania Hotel at which one of their members will be present to answer the questions that don't appear in the guidebooks: "What's a good store to buy a present for my old Aunt Hattie?" and such.

The big entertainment for the ladies is on Wednesday, when the Hostess Committee invites you to a luncheon, complete with fashion show (of fashions which an ordinary human being can afford, by the way!). Fred Astaire dance teams, and perhaps the great man himself, and a mind reader; the prizes they plan to fling around at this affair are fantastic. Our wife could never afford any of them.

One thing the Hostess Committee feels should be thoroughly understood. At ALL functions dress is informal, for both males and females. Mrs. Wm. H. Pouch, Chairman of the committee, spoke feelingly of the many times she has had to haul great wads of evening clothes all over the country, and she sees no sense in people doing that when they don't have to. If you like to bring a trunkload of formal clothing, that's your business. But at no time is it necessary.

Non-Par Banks Still Flourish In Almost Half Of The States



On December 31, 1946, of the 14,043 banks in the United States there were 11,957 banks on the Federal Reserve Par list of which 6,894 were members and 5,063, non-members, of the Federal Reserve System. The number of non-par banks had decreased from 2,710 as of December 31, 1942 to 2,086 as of Dec. 31, 1946, a reduction of 624 in four years.

All banks in the District of Columbia and the following 25 states were on the Federal Reserve Par List:

Arizona	Nevada
California	New Hampshire
Colorado	New Jersey
Connecticut	New Mexico
Delaware	New York
Idaho	Ohio
Indiana	Oregon
Iowa	Pennsylvania
Kentucky	Rhode Island
Maine	Utah
Maryland	Vermont
Massachusetts	Wyoming
Michigan	

In the other 23 states the numbers of non-par and par banks were as follows:

State	Non-Par Banks	Par Banks
Montana	1	109
Illinois	2	868
Kansas	2	610
West Virginia	3	177
Washington	5	117
Nebraska	8	401
Oklahoma	10	373
Virginia	11	304
Texas	62	806
Florida	64	110
Missouri	72	521
South Carolina	95	54
Louisiana	102	53
South Dakota	102	67
Tennessee	103	191
North Dakota	106	44
Wisconsin	112	442
Alabama	113	106
North Carolina	119	85
Arkansas	130	97
Mississippi	165	38
Georgia	283	87
Minnesota	416	258

**GOLDEN ANNIVERSARY
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Objectives Of A Credit Executive

by F. G. PHILLIPS

Globe Machinery & Supply Co., Des Moines



Many of us have not grasped the possible importance of the Credit Manager to his firm, and have failed to sell its importance to Top Management, thus passing up a golden opportunity. The field of Credit Management offers as bright a future as any profession, provided one takes advantage of its possibilities. There is an old saying, "The office does not make the man important; the man makes the office important." It's up to you.

The following is set forth as a general outline of what we should strive for and how to accomplish it.

It is agreed by all that the objective of the Credit Manager is to transact the largest amount of profitable business possible with a minimum loss for collection costs or bad debts.

To do this he must know:

His Company's operation

Capitalization

Terms of purchase

Turn-over

Operating Costs

Salesmen's Commission and Salary

Selling costs

Freight allowance

Warehousing costs, etc.

Sales policy

Terms of sale and the reason for them

His customer's business operations as to proper

Location

Temperament

Operating costs

Ratios

Credit Department organization and functions:

Accounting

Economics

Sound credit practices

Products

Margin of profit

Obsolescence

Inventory

Commercial law

Financial statement analysis

The three C's—Character, capital and capacity

Besides knowing these things, he must put them to use.

He should:

Help sales department make sales

Know his salesmen

Attend sales meetings

Call on accounts with sales department

Let sales department know you are just as interested in sales as they are

Handle accounts diplomatically

Help the customers:

Counsel with them on their problems

Keep their accounts within reason

Let them know you have confidence in them and expect them to pay

Don't let them under-buy or over-buy

Keep up-to-date on business conditions and trends

Take an active part in credit organizations

Legislative committees

Conferences and meetings

Study classes

Lastly he should use the various Association services and lend them his support.

Look For Hidden Tax Liabilities

by RHAЕ M. SWISHER, CPA

Rhae M. Swisher & Co., Chicago



When examining corporate customers' financial statements which are now being received, look out for possible hidden liability for surtax on "Improper Accumulation of Surplus" under I. R. C. Section 102. The tax rate is 27½% on such surplus under \$100,000.00 and 38½% on the excess. This tax is, in effect, a penalty for non-distribution of earnings by payment of dividends to stockholders (which dividends are taxable to the stockholders), and is not determined until the corporation returns are examined. Consequently, the hidden nature of the tax is emphasized because no statement of such a liability appears, as such, on the taxpayer's financial statements.

The 1946 corporation income tax blank (Form 1120) asks this question (in effect)—"If the total distributions to stockholders charged to earned surplus during the taxable year are less than 70% of the earnings and profits for the taxable year, state reasons for retention of such earnings and profits." Thus, the burden falls upon the corporate taxpayer to prove that retention of its earnings is necessary because of (a) inadequate working capital, (b) requirements for debt reduction, (c) need to finance an approved bona fide business or equipment expansion program, or (d) any other provable and feasible reason.

There are, however, several clues to such a hidden liability easily discernible by alert credit executives:

(1) Do dividends paid equal at least 70 per cent of net earnings?

(2) Are there any investments in unrelated businesses?

(3) Are there substantial loans to individuals—stockholders, officers or others?

(4) Is the working capital ratio excessive, especially where the cash balances are large?

It behooves the credit executive today to study his customers' income tax status and to incorporate this information, along with memoranda of his findings, in the customer credit files.